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No. 5, May 1981

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THE LIMITATION AND REDUCTION OF STRATEGIC ARMAMENTS IS A PROBLEM OF PARAMOUNT IMPORTANCE

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[Article by R. G. Bogdanov; passages enclosed in slantlines printed in boldface]

[Text] I

The 26th CPSU Congress, held 23 February-3 March 1981 in Moscow, was an important milestone in the life of all Soviet society and an event of tremendous world historic significance. The CPSU Central Committee report delivered by L. I. Brezhnev and the congress proceedings and decisions aroused great interest throughout the world. The tasks set by the 26th CPSU Congress in the sphere of the struggle to preserve peace and curb the arms race were especially clear and close to the hearts of all people of goodwill in the world. /"There is no more important international task for our party and our people and for all the world's peoples than to defend peace,"/ L. I. Brezhnev stressed.¹

The Soviet Union is prepared to hold talks on limiting or banning any types of armaments by agreement with other states, observing mutuality, on a basis of equality and equivalent security and without prejudicing the security of any of the sides. The arms that pose the greatest danger to mankind are nuclear arms. The nuclear factor, which stems from the existence of stockpiles of nuclear arms of monstrous destructive power and various delivery vehicles for those weapons, is the leading factor in the current strategic military reality.

The Soviet Union has always struggled resolutely and consistently, and continues to do so, to end the race in these armaments and to preclude their further proliferation worldwide. Moreover, the USSR has proposed ending the production of nuclear weapons and starting to reduce stockpiles until they are totally eliminated, along with consolidating guarantees in international law of states' security.

The issue of strategic arms is particularly acute in today's situation. "The limitation and reduction of strategic arms constitute an exceptional problem," L. I. Brezhnev stated from the rostrum of the 26th CPSU Congress. /"For our part, we are prepared to continue without delay the relevant talks with the United States, preserving all the positive elements achieved so far in this sphere."/2

The bilateral agreements between the USSR and the United States, which possess the most considerable arsenals of nuclear weapons, are an especially important part of

the system of agreements helping to curb the arms race. They include, above all, the treaty on the limitation of ABM systems (1972) and the protocol thereto (1974), the interim agreement on certain measures with respect to the limitation of strategic offensive arms (SALT I, 1972), the agreement on the prevention of nuclear war (1973), the treaty on the limitation of underground nuclear tests (1974) and the protocol thereto and, finally, the treaty on the limitation of strategic offensive armaments (SALT II), the protocol thereto and the joint statement of principles and basic guidelines for subsequent talks on the limitation of strategic arms, which were signed in Vienna in 1979. The SALT II treaty was a major step that could have become, as USSR Foreign Minister A. A. Gromyko noted, "an effective obstacle to the continued stockpiling of the most devastating and expensive types of weapons."³

Ratification of the treaty was deferred by the last administration on various invalid grounds, such as allusions to what was claimed to be an unsuitable international situation. The new American administration, which esconced itself in the White House in January 1981, has gone further than its predecessors. It is questioning the possibility of the SALT II treaty entering into force at all in its present form. The treaty's opponents are claiming that it is not in line with U.S. interests and does not benefit the country because, as they allege, it infringes on U.S. security interests in some respects. Mere carping is not the whole story. On the pretext of "improving" the document, the treaty's opponents within the new administration and on key Senate committees are proposing amendments which essentially undermine the carefully honed balance between Soviet and U.S. interests that constitutes the foundation of the treaty. In sum, these amendments nullify the SALT II treaty and break the fundamental principles on which it was concluded and on which the SALT I accords are based and operate. An approach that would produce onesided advantages for the United States is naturally absolutely unacceptable as far as the Soviet Union is concerned.

The Reagan Administration's line of torpedoing the SALT II treaty is a continuation of a similar line in other actions by the American side: In 6 years the treaty between the USSR and United States on the limitation of underground nuclear weapon tests and in 4 years the Soviet-American treaty on underground nuclear explosions for peaceful purposes have not been ratified. The Soviet side treats any American administration as the country's supreme leadership and hopes for political continuity. The evasion of commitments assumed in the name of the United States—even allowing for the peculiarities of the workings of the American political system—cannot fail to produce the view of the United States as an unreliable partner, capable at any time of violating its international commitments.

The maneuvers by the opponents of the SALT II treaty provide food for thought about the future of the strategic arms limitation process and about the interdependence of the elements making up that process. The question also arises of the true intentions of representatives of the American side. The point is that most opponents of SALT II claim to be supporters of arms control in general and strategic arms limitation in particular, but a limitation that would be enshrined in a new agreement—a SALT III treaty. There are proposals for a so-called "sizable" quantitative reduction in strategic arms. American representatives have also taken part in talks on the limitation of nuclear arms in Europe.

But if there is a sincere desire to make headway in these extremely vital directions, they ought to be realists and see that the provisions of the SALT II treaty affect the most important aspects of Soviet and U.S. security. The Soviet Union is not only profoundly aware of the need to limit and then reduce strategic military potentials, but has insistently advocated this for many years. Another obvious thing is the direct interdependence of the problem of banning nuclear weapons once and for all and the renunciation by all states of the use of force in their relations with one another, the reduction of the quantity of strategic arms accompanied by the limitation of their qualitative improvement and consideration for all the factors that influence the world strategic situation. The enforcement of the SALT II treaty is the most vital task in this area. If Washington is sincerely interested in further talks, including talks on SALT III, it must realize that the stance of those U.S. circles that are effectively advocating the elimination of the SALT II treaty constitutes an obstacle to those talks.

By virtue of objective and subjective factors, the SALT II treaty has become the focus of attention and is, as it were, a target and symbol for those who are pinning their political present and future on a return to cold war and on a power struggle in all areas and who prefer to look at the world through the sights of a gun. The opponents of the SALT II treaty are disguising their dangerous political aims with "technical" arguments regarding the treaty's "shortcomings." The starting point and common background for the attacks on the document is the "Soviet military threat" myth, which is of their own devising, and the juggling of figures and distortion of facts, which rely on the poorly informed general public and on the exceptional complexity of the problems of strategic parity and nuclear arms limitation. The present administration's posture regarding the SALT II treaty demonstrates for all the world to see Washington's unreliability as a partner in long-term agreements, not only in Soviet-American relations but also in other areas of U.S. foreign policy.

II

The U.S. stance on the SALT II treaty reflects a complex set of interlacing factors. These include domestic political shifts stemming primarily from the deterioration in both the domestic economic situation and American imperialism's world positions; the closely associated and painful process of determining the U.S. role and place in the world in the context of today's economic, political and strategic realities; attempts to formulate approaches to a radically revised foreign policy course aimed at substantially improving U.S. positions in the world; and the emergence of new strategic military and political problems, as representatives of the ruling class see them.

The shifts in domestic political life are manifested in the rightward trend in the sentiments of extremely broad U.S. strata and in the fairly substantial strengthening of the positions of organizations and groupings calling themselves "neo-conservatives" and the "New Right." By vigorously supporting President Reagan in his election campaign, they played a role in ensuring his victory in the election and made a considerable contribution to the Republican Party's winning of a majority in the U.S. Senate. The "neoconservatives" and "New Right" are a rather amorphous grouping. Both are in the ranks of the motley coalition that has united around R. Reagan. The conservative wing of the Republican Party aligns itself with

them and provides them with organizational connections and a platform and base for circulating their views to other Republican groups, including the moderate conservatives.

The emergence of the "New Right" movement in its present form dates back to the 1971-75 period, when American ruling circles were in a state of ideological disarray in the wake of the U.S. defeat in Vietnam and the Watergate affair, which culminated in the resignation of President Nixon. The collapse of the aggression meant a profound, paralyzing crisis in U.S. foreign policy, a crisis of strategic military concepts, views and doctrines. The American ruling class also "lost" the war inside its own country when it failed to rally the nation around the aims and methods of fighting it. Watergate, which led to an immense political scandal, stemmed from the U.S. political system itself.

The ideological disarray of the U.S. ruling class was accompanied to a great extent by a crisis of American liberalism, and a collision between the two trends--a realistic trend approaching an understanding of the objective facts of the present day and the traditional trend, which takes the shape of vigorous expansionism and interventionism combined with militant anticommunism and anti-Sovietism. The "New Right" rapidly filled the resultant vacuum, putting forward a program envisaging a resolute U.S. turnabout in all spheres of foreign and domestic policy. Their main aim in the foreign policy sphere was the final abandonment of the course of detente, which they regarded as a disaster for the West, and the attainment of military superiority over the Soviet Union. They even opposed the accepted concept of arms control in the United States and, above all, advocated complete abandonment of the SALT II treaty, a sharp increase in the military budget and the swift formulation of a new long-term military program.

The Carter administration objectively helped to strengthen the "New Right's" position and influence. Its domestic and foreign policy was ultimately unable to withstand the pressure from military-industrial complex groupings. It was President Carter who decided to begin the escalation of military spending and it was his political course that helped to undermine the SALT process. After he signed the SALT II treaty, his administration stepped up its line of conflict and tension. The political struggle that developed in the United States in 1979 over the ratification of the SALT II treaty was caused by, among other factors, the irresolution of the President himself and the lack of firmness and principle on his part. It gave the New Right and the neoconservatives the opportunity to mount several massive campaigns.

With the appearance of President Reagan in the White House, the foreign policy strategists of the neoconservative-New Right coalition are hoping that they will be able to put their theories into practice under the new administration. Their headquarters is the Georgetown University Center for Strategic and International Studies. The center's studies and recommendations are clearly one of the main sources of ideas about national security problems for the Republican Administration. That conclusion suggests itself when one compares the propositions of the center's theorists with the foreign policy formulas of high-ranking spokesmen for the current administration.

The coalition's prominent theorists include G. Liska, E. Luttwak, R. Tucker, W. Van Cleeve, S. Thompson and P. Nitze.⁵

The basis of their arguments boils down to the following. Whereas there is what is claimed to be an unprecedented growth in USSR military might, the United States, they say, has allowed itself to be overtaken to the point where it no longer has the means "to compel respect." From this it is concluded that it is necessary to build up all types of armaments in order to regain that "respect"--that is, military superiority. At the same time, these theorists argue, the United States must "link" economic, political and military issues into a united strategy. For instance, the USSR's policy vis-a-vis the developing countries should be linked with possible American-Soviet agreements on nuclear problems. The developing countries, in the opinion of the Georgetown University Center strategists, constitute a particular danger to stability in the world (the capitalist world, of course--R. B.). Liska and his ilk regret the old colonial empires, whose "overly rapid" destruction was, they claim, promoted by the American liberals. Added to this is the "guilt" of Moscow, which supposedly "encourages disorder" in small countries. From a purely economic standpoint, they allege, the rich countries are increasingly becoming the hostages of the poor countries, so the rich must defend themselves against the poor by force of arms.

All the coalition's theorists advocated a continued arms race. A new twist in that race, they believe, will cause an upswing in the American economy and will place the Soviet economy in a difficult position, will increase the U.S. ability to intervene militarily all over the world and will compel the USSR to start new SALT talks on American terms. Their arguments are placed within a context of "imperial thinking" and are based on cases of confrontation between past empires; in this process, maritime empires that had mobile forces for intervention are compared to others that were land-based to a greater extent and sluggish, more bureaucratic and therefore less effective.

In R. Tucker's opinion, U.S. influence in Europe is based on control over the oil deposits in the Persian Gulf region. Therefore, he believes, American interests now center on this region, and the loss of control over it would mean the end of American influence in Western Europe and in Japan. On the basis of this premise, R. Tucker calls for a readiness to control oil deposits, even by military means. A similar viewpoint is held by P. Nitze, who played a great role in the arms race policy of the early 1950's and was an instigator of the creation of the Committee on the Present Danger, which has headed the struggle against the SALT II treaty.

The journal COMMENTARY has become the main forum for the theorists of the new imperialist strategy. The prominent figures in the "neoconservative" and "New Right" coalition who propound the most aggressive viewpoints include the current presidential assistant for national security affairs, R. Allen; the journal's publisher, N. Podhoretz; R. Pipes (currently a member of the staff of the President's national security adviser); U.S. Permanent Representative to the United Nations Jeane Kirkpatrick; W. Lacqueur, an anti-Soviet of long standing; and certain others.⁶

The views and recommendations of this "New Right" group were expressed in concentrated form by N. Podhoretz in his book "The Present Danger" (New York, 1980).

According to some assessments, this publication has a substantial effect on the views of very responsible representatives of the new administration. It is regarded as a kind of manifesto of the coalition of "neoconservatives" and the "New Right." In any event, certain public statements by these representatives assessing the current international situation and interviews with them by Western European and American press organs largely coincide with Podhoretz' viewpoint.

The book analyzes the American policy of "containment" and "rolling back" of communism in the postwar period. Podhoretz admits that this policy failed, but he sees the reason for this not in the changed balance of power and the USSR's peaceful policy, but in the American leadership's "lack of resolve" concerning the use of U.S. military might. He accuses the Carter Administration of allegedly deviating from the principle that the East-West political struggle is the most important factor in modern international life, putting the economic conflict between "North" and "South" in its place. This approach, the author asserts, served for a long time to conceal the "terrible consequences" of the change in the balance of power in the USSR's favor, and in his view it was only with the proclamation of the "Carter doctrine," which he regards as a rehashed version of the "Truman doctrine," that the U.S. "strategic retreat" ended and a new period of "containment" began. Had this not happened, Podhoretz states, the final collapse of the American will to resist "Soviet imperialism" would have set in.

He goes on to develop in detail the thesis that the "American giant" is restrained from using force above all and in the main by the fear of war - not only nuclear war, but any kind. In his opinion, Americans must rid themselves of this fear at whatever cost. Here he preaches the far from new idea that there are more important values than peace. Podhoretz asserts that a "new nationalism" is emerging in the United States, represented by the New Right and the neoconservatives who align themselves with it, and this indicates, in the author's view, that there is a growth in sentiments in American society in favor of the use of force to "defend American interests." Podhoretz regards it as a condition for overcoming the fear of war that this new upsurge in nationalism be invested with anticommunist content, since, he admits, recent years have been marked by the collapse of many anti-communist stereotypes and the sense of the "communist peril" has subsided. He calls for confrontation with the USSR to be defined once again as the struggle "for freedom and democracy and against communism and totalitarianism."

Podhoretz sees the buildup in American military might and intense aggression toward the socialist world as the alternative to the danger of "capitulation" to the Soviet Union, not only by Western Europe but also by the United States itself, using the term "Finlandization" in this context. As we know, this term was coined in the West with a view to not only discrediting Soviet-Finnish relations, which are a model of good-neighborliness, peaceful coexistence and mutual advantage, but also undermining the possibility of peaceful relations of mutually advantageous cooperation between states with different social systems on the European continent. The author regards as evidence of American "capitulation" the SALT agreements, which are "completely advantageous to the USSR alone," and normal economic ties, including the grain trade. Moreover, Podhoretz declares that measures to eliminate the threat of war are a manifestation of "capitulation" too.

Thus for the coalition's leading ideologists it turns out that peaceful relations with the USSR mean capitulation on the part of the United States.

There is some continuity in the foreign policy positions of the "neoconservatives" and "New Right." It lies in the desire to assert the ideology of American superiority and exclusivity, which are equivalent to the "right" to implement a policy of hegemonism toward all other countries and peoples. The oracles of "neoconservatism" develop the concepts of U.S. global strategy in the direction of the further stepping up of the war machine's role in American foreign policy and aim for the increasingly active utilization of that machine to achieve set goals.⁸

The growth in the role of the military factor in U.S. foreign policy is based on the desire to reverse the irreversible course of the historical process and the attempt to regain the lost U.S. position as "world leader." This trend, seen most clearly in the foreign policy ideologies of the coalition of the neoconservatives and New Right, is now becoming predominant. There are relatively clear indications that the coalition's concepts are actively influencing the formation of the Washington administration's political course, above all as regards Soviet-American relations.

One of the most dangerous postulates of the concepts put forth by this coalition lies in ignoring the nuclear factor or at least considerably underestimating the danger it poses at the present time. This amounts to a direct threat to the cause of peace and international security, since it whips up sentiments in certain U.S. circles in favor of the military resolution of disputes and conflicts, fans the atmosphere of tension and uncertainty, destabilizes the "permitted bounds" established on the basis of international experience and urges the use of nuclear arms. In this respect the concepts and activity of the "New Right," who give the appearance of being concerned exclusively with the defense of U.S. "national interests," are of an antinational nature and jeopardize the vital interests of the whole of American society, including the ruling class.

"There is indeed a military threat to the United States, as to all other countries," the CPSU Central Committee Accountability Report to the 26th Party Congress stresses. "However, its source is not the Soviet Union or its mythical superiority, but the arms race itself.... To try to beat each other in the arms race or to count on victory in a nuclear war is dangerous madness."⁹

After the defeats of the United States in the aggressive wars it waged in Korea and Vietnam, farsighted and realistic representatives of the American ruling class grasped the most important truth of our day, the need to avoid nuclear war. Among them was General D. MacArthur, one-time idol of the right wing, who personified U.S. "strength and assertiveness" for them. Addressing Philippine legislators in July 1961, he stated outright that the emergence of nuclear weapons had made war unthinkable and jeopardized the existence of millions of people. The main task, as he saw it, was to find means of outlawing war. Incidentally, MacArthur stressed that one source of tension in the world which threatens mankind's existence lies in the thesis cultivated in capitalist countries about "the Soviets, who are preparing to attack us sooner or later."¹⁰ In 1964 R. McNamara, who was defense secretary in J. Kennedy's administration, addressed an appropriations subcommittee of the House of Representatives and warned: "If the two countries' strategic facilities were brought into play, our country would be damaged on such a scale that our way of

life would be changed, and changed in an undesirable direction."¹¹ The study "The Effects of Nuclear War," prepared by the American Congress' Office of Technology Assessment on the basis of extensive data from the Defense Department, the Arms Control and Disarmament Agency and the CIA, notes the possibility of substantial changes in the U.S. socioeconomic structure after an exchange of nuclear strikes. In particular, the question is raised of whether the right of private ownership could survive in the United States if millions of people were left homeless and without any means of existence.¹²

At present the "neoconservatives" and "New Right" are trying to represent themselves as capable of dealing with the "communist challenge." Just as in 1952, at the height of the cold war, when D. Eisenhower, the Republican Party candidate, won the election, the new Republican administration is proclaiming a decisive reorientation of foreign policy, away from the "soft" approach to communism, which is equated with the policy of detente, and toward the "rolling back" of communism.¹³ The undermining of detente and the attainment of military superiority to the USSR are associated with the rejection of the SALT II treaty.

III

Since World War II the United States has spent 2 trillion dollars on arms--in other words, 10,000 dollars has been taken out of each American's pocket.¹⁴ As a result of the arms race, started by the most aggressive circles of American imperialism many years ago, there was a constant buildup of conventional and strategic nuclear arms, their quality was improved and fundamentally new weapon systems emerged. The U.S. ruling circles embarked on the path of creating weapon systems which chiefly served the attainment of their claims to hegemony in world politics and which consequently had a destabilizing effect on the world situation. However, this did not make the security of the United States and its allies any stronger.

The Soviet Union, under the threat of a nuclear missile attack and drawn into the arms race against its wishes, was compelled, by virtue of the logic of struggle in this sphere, to create weapon systems similar in principle to the U.S. weapon systems, thus wiping out the one-sided U.S. advantages.

The question of who is threatening whom has long been obvious to anyone remotely familiar with the Soviet and U.S. arms programs. /Throughout the postwar period the USSR has been forced to respond with neutralizing measures, having been drawn into the arms race by the United States against its will and against its wishes./ This has been acknowledged even by U.S. specialists. For example, as recently as January 1980 the magazine NATION wrote: "A careful analysis of the full picture which can be gained from official documents...shows that the United States has always been ahead in all aspects of weapons creation."¹⁵

Despite the futility, demonstrated by life and historical experience, of Washington's attempts to achieve military superiority over the USSR--even when the Soviet Union was engaged in the massive task of resurrecting its economy following the most devastating war in human history--everything goes on as before. Let us take as a concrete example the problem of ICBM vulnerability. Opponents of SALT II maintain that U.S. ground-based ICBM's have become vulnerable in the face of the "threat" of a potential Soviet first strike and that unless the United States

develops new strategic systems in the very near future the Soviet strategic forces will be "clearly superior" in the mid-1980's. They regard the SALT II treaty as an obstacle to U.S. retaliatory measures.

It should be noted that the actual problem of U.S. ICBM vulnerability arose not as a result of Soviet "bad intentions," but primarily as a result of the U.S. decision to initiate a new round of the arms race by developing and deploying MIRV missiles, which were a destabilizing factor, and the Soviet Union was naturally compelled once again to respond.

As for assertions about the "superiority" of the Soviet strategic forces, this is a most unscrupulous manipulation of data or simply a lie. The eminent Soviet military commander, Marshal of the Soviet Union N. V. Ogarkov rightly observed: "Some U.S. figures, aware of the state of the two sides' strategic offensive forces, are deliberately and crudely distorting the real correlation of Soviet-U.S. forces."¹⁶ There is also exploitation of "terror of the Russians," which is being fueled by the opponents of arms limitation agreements.

For example, the authorization, in line with the SALT II treaty, of 820 launch installations for ICBM's fitted with MIRV warheads is considered particularly dangerous for the United States. But nothing is said about the fact that, in addition to 550 of these ICBM's the United States has 41 nuclear submarines (this is also laid down in the SALT II treaty), each of which has 16 ballistic missiles, and each missile can carry 14 individually targeted warheads. Also deliberately ignored in this context is the fact that the United States has around 600 B-52 strategic bombers, each of which can carry up to 20 nuclear weapons, and the fact that the question of building a new type of wide-bodied aircraft which would be able to carry 75 cruise missiles is currently being considered.

There is no mention of the fact that the U.S. side by no means rules out the possibility of launching its ground-based ICBM's "on alert," that is, on receipt of information on the approach of enemy missiles which would then hit empty silos. The SALT II treaty's opponents do not indicate the total number of nuclear warheads in all components of the U.S. strategic triad. But this number demonstrates what kind of nuclear might the United States possesses and proves the groundlessness of the lies about the "Soviet threat" and "Soviet superiority."

"Of course," L. I. Brezhnev said of the SALT II treaty, "it is a compromise. It could not be anything else. Each side would like to see a somewhat different text, something more suitable, but each side had to forgo something when it considered its partner's legitimate interests."¹⁷

It should also be said that in the U.S. state apparatus, especially in the so-called "intelligence community," there is an entire system geared to fuel the "Soviet threat" myth. "National intelligence estimates" are an important part of it. It is on the basis of these documents that the state of the Soviet Armed Forces and their future prospects for development in the next 4 years are determined. The "estimates" are approved by the Joint Chiefs of Staff and are essential to the planning of U.S. armed forces development. General R. Ellis, head of the Strategic Air Command and director of the Joint Chiefs of Staff strategic targets planning center, explained that planning in the Pentagon is currently conducted on the basis

of "The National Intelligence Estimate for 1979," which, in contrast to the 1974 and 1977 directives, asserts that the United States has lost the "essential balance" with the Soviet Union.

One naturally wonders about the reliability of the figures used by the authors of the "estimates," figures on which, as R. Ellis acknowledged, the "estimates" themselves depend.¹⁸ One also wonders about the methods used in compiling such important U.S. military policy documents. For example, in reference to the method of preparing "national intelligence estimates," G. Nash, former Defense Intelligence Agency aide, wrote: "Reports were prepared on a so-called worst case basis. When determining the USSR's military potential, researchers made every effort to substantiate the most extreme and menacing dimensions of the Soviet capability to fully utilize the resources of its military potential. The Defense Department encouraged 'worst-case studies' since, by attributing threatening dimensions to the Soviet military potential, it increased its chances of persuading Congress to increase military appropriations. Moreover, the 'worst-case' approach did not limit the imagination of the researchers forecasting the future level of enemy armaments."¹⁹

It should be noted that there are two other movements besides the opponents of the SALT II treaty and the strategic arms limitation process: One of them sees the SALT II treaty as containing serious flaws and as not benefiting the United States but acknowledges the need to continue the SALT process while at the same time attempting to "tidy up" the SALT II treaty; the other wants to see "cosmetic" changes followed by the treaty's rapid ratification and transition to SALT III.

All these movements have supporters in the Reagan Administration. It appears, however, that the dominant view in the new government is that of the absolute opponents of the treaty and the SALT process.

"Nonetheless, one would like to think," L. I. Brezhnev said at the 26th CPSU Congress, "that today's policy-makers in the United States will ultimately take a more realistic view of things."²⁰

The Soviet side, as the USSR leadership has repeatedly stated, has not sought and is not seeking military superiority over the other side. That is not our policy. Our efforts are directed toward ensuring that there is neither a first nor a second strike, that there is no nuclear war at all. The real threats to security, which lie in the arms race and the continuing tension in the world, can be eliminated in present-day conditions only by the conclusion of the appropriate treaties and agreements. The limitation and reduction of strategic arms is an extraordinary problem. The Soviet side is prepared right now to continue talks with the United States on the basis of equality and identical security, of course, and provided that all the positive elements achieved thus far in this sphere are preserved.

The most important task for all the people of the world today is that of defending peace and doing everything possible to relieve mankind of the threat of nuclear war. In this area the international situation will depend largely on the policy of the USSR and United States. The Soviet side has always pursued a principled and constructive peace-loving line in relations with the United States. The state of Soviet-American relations today and the acuteness of international problems requiring resolution necessitate dialogue at all levels.

It would be a manifestation of true statesmanship if there were no attempts to destroy the existing balance which objectively contributes to the preservation of world peace, if a new and even more expensive round of the arms race were not imposed, but dialogue were started. And in order to achieve this it will first be necessary to banish the stale "Soviet threat" bogey from the world of serious politics.

FOOTNOTES

1. "Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 31.
2. Ibid., p 29.
3. A. A. Gromyko, "Leninist Foreign Policy in Today's World," KOMMUNIST, No 1, 1981, p 19.
4. It is not the aim of this article to present a thorough analysis of the similarities and differences between the "neoconservative" and "New Right" currents. What seems material in the present instance is a survey of their foreign policy views and their approaches--largely common--to the realities of today's world (for more detail, see: A. Yu. Mel'vil', "Sotsial'naya filosofiya sovremennogo amerikanskogo konservatizma" [The Social Philosophy of Contemporary American Conservatism], Moscow, 1980, pp 123-133; S. M. Plekhanov, "The Rightward Shift--Imaginary or Real," SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 12, 1980).
5. See, for example, G. Liska, "Quest for Equilibrium: America and the Balance of Power on Land and Sea," Baltimore-London, 1977; Idem., "Career of Empire: America and Imperial Expansion over Land and Sea," Baltimore-London, 1978; E. Luttwak, "The U.S.-USSR Nuclear Weapons Balance," Beverly Hills-London, Idem, "A New Arms Race?" COMMENTARY, September 1980; R. Tucker, "America in Decline: The Foreign Policy of 'Maturity,'" FOREIGN AFFAIRS, Fall 1980; W. Van Cleeve and S. Thompson, "Strategic Options for the Early 80's. What Can Be Done?" N.Y., 1979.
6. See R. Pipes, "Why the Soviet Union Thinks It Could Fight and Win a Nuclear War," COMMENTARY, July 1977; J. Kirkpatrick, "Dictatorships and Double Standards," COMMENTARY, November 1979; W. Laqueur, "Containment for the Eighties," COMMENTARY, October 1980, etc.
7. E. Podhoretz, "The Present Danger," N.Y., 1980.
8. For more detail see V. F. Petrovskiy, "Doktrina 'natsional'noy bezopasnosti' v global'noy strategii SSHA" [The Doctrine of "National Security" in U.S. Global Strategy], Moscow, 1980.
9. "Materialy XXVI s"yezda KPSS," p 23.
10. Quoted in THE DEFENSE MONITOR, No 6, 1980, p 6.

11. "Department of Defense Appropriations for 1964," Hearings before a Subcommittee of the Committee on Appropriations, pt 1, House of Representatives, Wash., 1964, pp 340-341.
12. "The Effects of Nuclear War," U.S. Congress, Office of Technology Assessment, Wash., 1979, p 99.
13. For more detail, see V. O. Pechatnov, "Demokraticheskaya partiya SShA. Izbirateli i politika" [The Democratic Party in the United States. Voters and Policy], Moscow, 1980, pp 97-139.
14. THE DEFENSE MONITOR, No 1, 1980.
15. NATION, 19 January 1980, p 52.
16. "Protiv mifa 'o sovetskoj voyennoj ugroze'" [Arguments Against the "Soviet Military Threat" Myth], Moscow, 1980, p 79.
17. PRAVDA, 18 June 1979.
18. "Department of Defense Appropriations for 1981," Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, vol 1, Wash., 1980, pp 75-79.
19. BULLETIN OF THE ATOMIC SCIENTISTS, April 1980, p 23.
20. "Materialy XXVI s"yezda KPSS," p 22.

CSO: 1203/9

IN THE WHIRL OF STRUGGLE

Moscow SSIA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 14-16

[Interview with William Kashtan, general secretary of the Canadian Communist Party, at the 26th CPSU Congress, by the magazine's editors]

[Not translated by JPRS]

C50- 1803/9

CANADA-UNITED STATES: TRADE-UNION RELATIONS AT A DEADLOCK

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 17-29

[Article by V. A. Azaryan and O. S. Soroko-Tsyupa]

[Not translated by JPRS]

CSO: 1803/9

MARKET CONTROL BY TRANSNATIONALS IN THE DEVELOPING COUNTRIES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 30-41

[Article by A. V. Bereznoy]

[Text] In the last two decades transnational corporations have essentially turned into the chief subject of international commercial exchange in the capitalist world. These corporations, the majority of which are American, control around three-fifths of all this trade. The leading position of the corporations in the world capitalist market is secured primarily by their production strength: In the United States they serve both as major suppliers of finished goods and as major consumers of raw material. Corporate control over the international sales network plays a separate and important role.

The domination of this sphere by the transnational corporations acquires particular significance within the context of their interrelations with the developing countries. In recent years many young states have nationalized foreign enterprises in an attempt to ensure their sovereignty over their national economy. For example, whereas 89 cases involving the nationalization of American enterprises of transnational corporations were recorded in the developing region between 1960 and 1969, the figure rose to 253 between 1970 and 1976.¹

However, as the accountability report of the CPSU Central Committee to the 26th Party Congress notes, "imperialists do not want stronger independence for the liberated countries. They use a thousand ways and means to attach these countries to themselves."² For example, in spite of the actions taken by many young states to reduce foreign property, they, according to UNCTAD experts, "are still cut off from many distribution channels, which are dominated by transnational enterprises."

Even in the petroleum sector, where the young states have had their most impressive successes, leading to the reduction of the eight leading transnational corporations' (five of them American) share of total oil production in the capitalist world from 80 percent in 1963 to 30 percent in 1975, their share of sales of petroleum products was almost half the total sales volume in 1975.³ They have kept even stronger positions in markets for other goods. According to the UNCTAD Secretariat, for example, the corporations' share of the exports of developing countries in 1976 was 90-95 percent of the bauxite and iron ore, 50-60 percent of the phosphates, 85-90 percent of the coffee and cotton, 85 percent of the tea and cocoa, 70-75 percent of the bananas and natural rubber and 60 percent of the sugar.⁴

The international monopolies are trying to keep their dominant position in the developing world by adapting to new conditions; in particular, they have moved the center of gravity of neocolonial dependence to the "top floors" of the production process and the sales sphere. The monopolistic control of the corporations in international capitalist trade is now one of the main obstacles impeding the reconstruction of world economic relations on a democratic and mutually beneficial basis.

In connection with this, it is particularly important to analyze the forms and methods of this control in light of the 26th CPSU Congress directives regarding the need for a thorough understanding of some new phenomena in the capitalist world, particularly the sharply increased role of the transnational corporations. The author of this article will look into some of the least studied aspects of corporate control over the markets of the developing countries.

Intracorporate Exchange

In a discussion of this topic, it is expedient to look first at the role of intracorporate exchange⁵ in the foreign trade of the developing countries. Here the transnational corporations have direct control over trade flows, restricting, to some degree, the spontaneous play of market forces. In this sector of trade, deals are not made by independent contractors, but by companies under the control of a single center--the parent company--and its efforts are aimed at the maximization of total corporate profits, without any concern for the interests of the national states. In their economic empires, these monopolies--or, more precisely, the parent companies--establish the prices of intracorporate, or so-called transfer, trade, and determine its volumes and trade flow patterns, thereby creating great difficulties for the developing countries in the formation of an optimal structure of foreign economic ties.

The development of intracorporate trade allows the transnational corporation to not only control commodity exchange within its own economic complexes, but also to manipulate commodity sales and purchases in "open" markets. For example, the transnational corporation can export finished products to a particular country through its branches if this turns out to be cheaper and more effective than conventional export operations. When it wishes to import raw material, on the other hand, the transnational corporation can make purchases from the national companies of the developing countries or in international commodity exchanges, and it can also rely on guaranteed shipments from its own branches in the young states.

The increasing expansion of international monopolies in the developing countries has been accompanied by the intensification of their intracorporate exchange. For example, whereas in the mid-1960's overseas companies in which American firms owned 50 percent or more of the stock accounted for one-fourth of all U.S. imports, by the mid-1970's this indicator was already equivalent to one-third. What is more, the proportion accounted for by these shipments in U.S. imports from the developing countries was even greater--around 30 percent and 35 percent respectively.

The data in the table [not reproduced] indicate that if petroleum deliveries are excluded from total American imports (the extraordinarily quick rise in their cost is connected with the dramatic rise of oil prices), it appears that the proportion accounted for by intracorporate exchange in U.S. imports from the developing countries did not increase during this period, but decreased (from 20 percent in 1967

to 11 percent in 1975). What is the reason for this, seemingly unexpected trend? Does this not contradict the thesis that the transnational corporations are expanding their control over the foreign trade of the developing countries? The facts indicate that it does not contradict this thesis.

The fact is that the reduced share of U.S.-controlled branches (that is, companies in which transnational corporations hold more than 50 percent of the stock) in U.S. non-energy imports from the developing countries does not signify a reduction in the real control of transnational corporations, which they are still practicing, and in more disguised forms. For example, the possession of a small packet of stock along with agreements on technology transmission, participation in management or marketing and so forth can be just as effective as full control based on ownership rights in ensuring the dependence of the trade partner. The developing states have learned from experience that even when majority stock control in an enterprise is transferred from a foreign corporation to a national company, it is still too early to expect the eradication of real foreign dependence. Adapting to the new state of affairs in the liberated countries, many international monopolies now even prefer to operate there within the framework of mixed companies because participation by local capital guarantees them a certain degree of immunity from complete nationalization.

It would seem therefore that the statistics of intracorporate exchange, based on data on the transnational corporation's direct trade with its branches in which it controls most of the stock, cannot provide a sufficiently diversified picture of the state of affairs in this area. This exchange, as we know, includes product turnover between the parent company and the companies under its control and the turnover between these controlled companies. But under what circumstances can a company be called controlled? What is the extent of this control? Under the present conditions of the sharp decrease in the percentage of stock needed to guarantee a control packet (to less than 5 percent) and the simultaneous reinforcement of indirect, non-stock forms of control, the framework of the very concept of "intracorporate exchange" is broadened. To judge the actual scales of intracorporate exchange by the transnational corporations in this broader interpretation, we can use the so-called related-party trade statistics, which were first used in the mid-1970's. The U.S. Census Bureau uses this category to record any foreign trade transaction between two firms when one owns 5 percent or more of the stock in the other.

Although it is debatable whether this criterion is expedient and necessary, there is no question that "related-party trade" statistics can more fully reflect the role of intraorganizational exchange by transnational corporations in U.S. trade with the developing countries. It indicates, in particular, that this type of exchange dominates the trade in raw materials. It is precisely the vertically integrated transnational corporations (they operate in branches representing sequential stages in the processing of a product) that control trade flows within the framework of their closed production systems and still account for most of the raw material and food shipments to the United States. For example, whereas trade with companies "related" to transnational corporations accounted for 45 percent of U.S. imports in the mid-1970's (trade by transnational corporations with companies in which they control 50 percent or more of the stock accounted for only 32 percent of imports), the share was significantly greater in imports of several raw materials and foodstuffs from the developing countries: 88 percent of the bauxite, 80 percent of the rubber, 68 percent of the cotton and 63 percent of the bananas.⁶

Canadian economist G. Helleiner has calculated that "related-party trade" accounted for 49.1 percent of all American imports of raw materials from the developing countries and 37 percent of the imports of processed goods in 1977.⁷ It is interesting that in the area of processed goods the highest percentages accounted for by this kind of trade are found in imports of machines and equipment from the developing countries (75.2 percent of electrical equipment and 63.5 percent of non-electrical equipment), while this type of trade plays a much less significant role in imports of consumer goods (11.5 percent of the clothing, 7.8 percent of the textiles and 4.4 percent of the footwear).⁸

The unprecedented annual rates of increase (an average of 32 percent in the 1970's) of U.S. imports from the developing countries through cooperative channels also serve as an important indicator of the increasing role of intraorganizational exchange in the trade in processed goods. American customs statistics are used as the basis for calculating these rates of increase. The United States (and, incidentally, other developed capitalist countries) have special tariff privileges which encourage the development of industrial cooperation on an intracorporate basis. For example, American foreign-trade tariffs (items 806.30 and 807.00) envisage considerable reduced duties on imported goods on the condition that the raw material or other materials used in their manufacture were originally exported from the United States; in this case the duties are charged only on the value added abroad. By the mid-1970's American imports of goods covered by these tariff positions already accounted for more than 15 percent of all imports of processed goods from the developing countries.

American imports from the developing countries through cooperative channels within the transnational corporate framework have grown quickly in recent years in the relative sense, in comparison to imports from other countries, as well as in absolute terms. The main reason for this is the increased expansion of transnational corporations in the developing countries at a time when it is more convenient for these monopolies to move labor-intensive production to regions with cheap manpower and then to send the products back to the United States for finishing operations and sales. This process, which began in the electronics and textile industries, has gradually spread to other branches: the production of movie and photographic equipment, optical devices, musical instruments, timepieces and so forth. The United States' chief "partners" in this kind of trade are Mexico, Taiwan, Singapore, Hong Kong, Malaysia and South Korea.

Intracorporate exchange gives the transnational corporations more freedom to choose the directions of trade flows and provides them with additional levers of monopolistic control over the markets of the developing countries.

Transnational Trade Corporations

The international monopolies are also trying to extend their control outside the boundaries of economic complexes. The transnational trade corporation has become an important instrument of this control. According to the UNCTAD Secretariat, "the activities of transnational trade corporations, or middlemen, are important and are most probably the most significant feature of international trade that has not been fully analyzed as yet."⁹

These corporations do not produce anything, but, with their diversified sales network, they enter into international exchange in the capacity of middlemen and earn commercial profits. This kind of corporation has certain advantages over other firms operating in foreign trade, consisting in their more developed and efficient system of information about the marketing potential of each region and their ability to quickly call on alternative supply sources and concentrate their financial and labor resources exclusively in commercial activity. The final result of these advantages is effective control over the commodity sales network.

Experts at UNCTAD distinguish between two types of transnational trade corporations: those established by industrial transnational corporations and those that are "independent." Although the first are controlled by industrial transnational corporations, they differ significantly from conventional trade divisions. Their activities are not limited to any single foreign market, but extend to large regions or even take on global dimensions. Besides this, they have a much higher degree of operational independence. The services of these firms are often enlisted by corporations other than their parent companies. For example, the Kaiser aluminum and chemical concern, which possesses sizable assets in the developing countries, founded a trade company in 1969. Although this company is part of the Kaiser sales network, it turned more than 90 percent of its gross profits in the mid-1970's from trade in the products of other firms.¹⁰

When the industrial transnational corporations establish these trade companies, they generally give them monopoly rights to sell their products in foreign markets. Equipment and raw materials that have undergone primary processing are the two main categories traded by companies of this type. They primarily trade in the commodities that correspond to the production specialization of their parent industrial corporations. For example, all of the international tobacco monopolies (with the exception of Philip Morris) have their own trade companies for tobacco leaf purchases in the developing countries. These companies, along with a few specialized independent trade monopolies, control 85-90 percent of the world capitalist tobacco leaf market. All of the major petroleum transnational corporations have founded trade companies for the sale of petroleum and various petroleum products.

The transnational trade companies' control over much of the commodity sales network played an important role in preserving the influence of raw material monopolies in the developing countries. A number of young states, where foreign ownership of enterprises for the production of raw materials and foodstuffs has been liquidated, still have to sell these goods in the foreign market primarily through the trade network of the same transnational corporations whose industrial enterprises they nationalized. For example, after the OPEC countries nationalized oil production, they immediately encountered difficulties in the area of sales. Saudi Arabia, for example, learned that it could only sell one-fourth of all its oil through its own efforts and had to negotiate a deal with transnational petroleum corporations. In this connection, W. Lindenmat, general manager of Mobil Oil's Middle East division, remarked that "Saudi Arabia has realized that it needs us more now than it did 5 or 10 years ago."¹¹ Despite the banana exporting countries' stubborn struggle against domination by foreign monopolies, three American transnational corporations--United Brands, Standard Fruit and Del-Monte--still control around three-fourths of all banana sales in the world market.

It is indicative that the transnational trade companies have become deeply involved in more than just the trade relations between developing and developed capitalist countries. In some cases, they control commodity exchange between developed countries as well. A special study of the international tobacco trade convinced UNCTAD experts that "there are no trade relations between developing countries (this refers to the tobacco trade--A.B.) but those mediated by transnational tobacco corporations."¹²

For a long time the independent transnational trade companies were regarded as a strictly Japanese phenomenon.¹³ The commercial successes of Japanese transnational trade companies, or trade houses, in world markets evoked reciprocal action abroad. American companies armed themselves with some of their forms of commercial activity. In recent years, Japanese trade houses have been crowded somewhat by the pressure of serious competition from American trade companies controlled by industrial transnational corporations and from independent American transnational trade companies.

The independent American transnational trade corporations are particularly prominent in U.S. imports of consumer goods from the developing countries. When industrial transnational corporations infiltrate the developing economies, they prefer to move into new branches. They do not account for a large share of production in traditional branches (clothing and leather footwear). This does not signify, however, the absence of foreign control over the markets for traditional goods in the developing countries. Exports of these goods are monopolized by major transnational trade corporations. The independent export of these goods by national producers is complicated by the absence of their own overseas sales network and by the distinctive features of these commodities, the demand for which is particularly sensitive to dynamic changes in fashion. In Brazil and Argentina, for example, representatives of many American commercial firms buy huge quantities of leather footwear from local producers exclusively for the U.S. market. Here foreign control has acquired absolutely tangible features: Not only the prices and dates of shipments are decided in advance by American firms, but also the styles of the footwear.

American retail firms play a major role in the control of the consumer commodity exports of developing countries. What is more, several of these firms have acquired a transnational character precisely as a result of their expansion in the young states through the placement of long-term orders for consumer goods for subsequent resale directly to the consumer in the developed capitalist countries. The flood of cheap textiles, footwear and clothing entering the U.S. market from Southeast Asia with the brand names of Japanese commercial monopolies motivated major American retail firms, such as Sears Roebuck, J. C. Penney, Macy's and Bloomingdale, to move into the Asian countries. According to English economist A. Hone, the exceptionally high growth rates of the exports of several Asian countries stem primarily not from the export activity of branches of industrial transnational corporations, but from the development of the purchasing operations of American and other foreign transnational trade companies. Divisions of these trade monopolies often purchase 60-100 percent of the products of local manufacturers directly from these manufacturers 1 or 2 years in advance. In this situation, the danger of losing an order is regarded as a much more serious threat by local producers than the excessively low purchase prices they have had to accept.

Therefore, representing the latest form of international monopolistic trade capital, the transnational trade corporations have occupied a special position in the system of control over the trade of the developing countries. The fact that the young

states encounter serious difficulties in the sale of their products in world markets and must use the mediating services of powerful transnational trade monopolies has given the latter the dominant position in the international sales network. This not only deprives the liberated countries of significant export revenues, which are either lost through the excessive reduction of purchase prices or are paid out as commissions to transnational trade corporations, but also, and mainly, prevents producers in the developing countries from entering the world market independently.

Marketing

One of the major means of the transnational corporations' monopolistic control over world markets in general and the markets of the developing countries in particular is their advantageous position in the sphere of marketing, particularly with regard to some methods of promoting goods in the market (brand names and advertising).

Marketing requires the services of many highly qualified specialists and huge financial expenditures, but it also provides significant savings in large-scale commercial activity--that is, it provides an opportunity to reduce commercial outlays by increasing the scales of sales operations. Proportional expenditures on marketing are inversely proportionate to the size of the trade enterprise. This gives the gigantic transnational corporations certain commercial advantages over the national companies of the developing countries. For example, when American economist J. Torre made a study of the export trade in Mexico, Colombia and Nicaragua (prior to the establishment of people's power), he learned that wherever the need for marketing was greatest, the exporter was most likely to be a foreign company. Another American economist, M. Franken, studied Indian industrial exports and concluded that wherever the marketing requirements of a specific group of industrial commodities were the highest, the prices of commodities exported by Indian companies were lower than the prices of similar products of the firms of developed capitalist countries.

One of the key methods of dominating a market by means of marketing techniques is the artificial differentiation of products.¹⁴ For this purpose, the transnational corporations make extensive use of trademarks, which they have transformed from a simple indication of the commodity's place of origin and a device to protect the reputation of the seller into an ominous weapon of market expansion. It is difficult for national producers in the developing countries to compete with the transnational corporations in this area, mainly because the introduction of a new brand requires huge financial expenditures. The cost of introducing a new brand of cigarettes in the U.S. market in 1976 was estimated at 40 million dollars, and the Coca-Cola firm has listed its trademarks ("Coca-Cola" and "Coke") as invisible assets with an estimated value of 3 billion dollars.¹⁵ It is not surprising that most trademarks are owned by transnational corporations and that the majority of brands registered in the developing countries are of foreign origin. For example, the foreign share of registered trademarks in the mid-1970's was equivalent to 88.4 percent in Africa, 65.2 percent in Asia and 34 percent in Latin America.¹⁶

The actual economic value of the trademark as a means of market control depends on the intensity with which it is advertised. The aggressive nature of the global market strategy of transnational corporations, which has developed a system of market controls for their own use, is quite vividly reflected in advertising activity. The purpose of this system of controls is the artificial expansion of demand

by means of "persuasive advertising"--that is, by means of the vigorous foisting of goods on the consumer. The scales of the advertising activity of today's monopolies have necessitated the creation of a specialized advertising industry. It is indicative that the internationalization of the operations of major advertising agencies has accompanied the transformation of their clients, the industrial monopolies, into transnational corporations. These corporations, in order to prevent their different branches from choosing different advertising approaches and, as a result, reducing the overall effectiveness of their product advertising, direct their overseas subordinate enterprises to make maximum use of divisions of the advertising agency which serves the parent company. This has given rise to the united tandem development of industrial transnational corporations and transnational advertising agencies and serves as the foundation for their complete mutual understanding and mutual support.

The monopolization of production on the international scale by the industrial transnational corporations has been accompanied by a wave of monopolization in the advertising business. A staff member of the UN center of transnational corporations, K. Sauvant, has commented: "The level of concentration in the international advertising industry is higher than in the area of international capital investments; what is more, more than four-fifths of all overseas branches are affiliated with just 10 agencies."¹⁷

Transnational advertising agencies play a deciding role in advertising in the developing countries. It would not be too much of an exaggeration to say that today's international advertising industry in the West is primarily an American sphere of operations.¹⁸ In Mexico, Brazil and Venezuela, for example, at least 7 of the 10 largest agencies are U.S.-controlled. Lintas dominates the markets of Ghana, Sierra Leone and Nigeria on the African continent. In Asia, McCann-Erickson, Leo Burnett, Bates, Ogilvy & Mather and Kenyon and Eckhard control the markets of Malaysia, Singapore and Hong Kong.

The dominant position of transnational advertising agencies, whose chief function is to foist the products of their own industrial and commercial transnational clients on the consumer, leads to the artificial distortion of total demand in countries, to the detriment of the vital needs of the population. This is true of any country where the market is dominated by transnational corporations. But in the young states, where the consumer is unaccustomed to obtrusive advertising and is particularly vulnerable to the psychological pressure it exerts, its negative effects are particularly pronounced. In India, for example, transnational advertising agencies have been able to Westernize the consumer to such a degree that in the mid-1970's Indian consumers were willing to pay at least 20 percent more for items with foreign trademarks than for local goods, even when there was no apparent difference in quality. It is not surprising that the advertising expenditures of branches of transnational corporations in the liberated countries, as estimated by UN experts, are approximately 6 times as great (measured in relation to sales figures) as the average expenditures of national companies in these countries. In some cases the practices of transnational advertising agencies have resulted in genuine tragedy. In 1974 and 1975 thousands of children in some young states died, for example, because the intensive advertising of the baby foods of transnational corporations convinced the local population that they were superior to mother's milk.

The dominant position of these agencies in the developing countries is crowding local industrial companies out of their national markets. For example, UN experts have noted that "branches of transnational corporations can use advertising as a means of forcing national enterprises out of branches producing consumer goods, in which transnational corporations cannot always offer the local economy considerable advantages."¹⁹ A characteristic example of this effect of foreign advertising is the "de-nationalization" of the Mexican soft drink market. Around three-fourths of this market now belongs to American soft drink brands; Coca-Cola alone controls around 42 percent of the market. It was not that long ago, however, that locally produced natural juices were predominant here.²⁰

Restrictive Business Practices

In an attempt to reinforce and expand their domination of the markets of the developing countries, the transnational corporations resort to more than just the "permissible" methods. Restrictive business practices also occupy a prominent place in their activity. In international commercial terminology, this term is used to define the entire group of monopolistic abuses aimed at eliminating competition by other participants in commodity exchange. When they are aimed against the developing countries, these practices inflict particularly severe damages on their immature economies. After all, the economic potential of national companies in the developing countries cannot be compared in any way to the strength of the transnational corporations, and they are usually newcomers or outsiders in world markets--that is, they usually play the role of the particular participants in commodity exchange who suffer most from restrictive business practices.

The ability of the transnational corporations to use restrictive business practices in relations with developing countries is compounded by the absence of effective antitrust legislation in the majority of these countries (this kind of legislation is aimed directly against these practices). The absence or weakness of legislative barriers can give transnational corporations a free hand. By resorting to all types of restrictive business practices, these corporations not only strive to make world markets inaccessible to competitors from the developing countries, but in some cases also try to force the companies of the young states out of their national markets.

There are two types of restrictive practices--individual and collective; in other words, market domination is achieved either by the suppression of foreign competition by one monopoly or by means of a conspiracy involving several corporations, which not only wage a collective struggle against outsiders, but also agree not to compete with one another.

National and international foreign trade cartels are directly responsible for collective restrictive practices in the world markets. Although the cartel is prohibited in principle by American antitrust legislation, the activities of national export cartels are officially sanctioned by the special Webb-Pomerene Act of 1918.

In 1978 there were 26 "Webb-Pomerene associations" in the United States, and the overwhelming majority were operating in the developing countries. The coordination of marketing policy within the framework of these associations gives American monopolies extensive opportunities to exploit the developing countries through the mechanism of artificial price increases in export sales. The facts testify that sales conducted through the channels of these associations represent only the

"tip of the iceberg" of U.S. cartel exports. Many American corporations do not wish to be bound by the terms of membership in these legal cartel groups (the "Webb-Pomerene associations" are obligated to report certain information to U.S. anti-trust agencies) and enter into secret cartel agreements. They then make use of the most obvious restrictive business practices in their operations in world markets and pose a special threat to the developing countries. In 1975, for example, the governments of India, Iran and the Philippines brought a suit against six American pharmaceutical transnational corporations in the U.S. Supreme Court, accusing them of using cartel methods of market division and price-fixing in the export of antibiotics to these countries and demanded compensation (more than 100 million dollars).²¹ After lengthy deliberation, the Supreme Court was forced by the pressure of irrefutable facts to acknowledge the legality of the suit.

American transnational corporations also play an important role in the activities of international cartels with operations extending to the developing countries. Although U.S. antitrust legislation prohibits participation by U.S. firms in international cartels, the transnational corporations have found a loophole: They participate through overseas companies under their control. For example, overseas affiliates of American transnational corporations, particularly IT&T, are members of the international cartel of cable producers, representing firms in 20 capitalist countries. In its actions against enterprises in the developing countries, this cartel has used such restrictive business practices as the division of markets, collective bidding in auctions and conspiracies involving the joint declaration of "competitive wars" on outsiders.

The chief methods of individual restrictive practices used by transnational corporations to establish their dominant position in the markets of the developing countries include price wars, absorption, exclusive agent agreements, the refusal to engage in commercial contacts, and others.

In their attempt to suppress competition by the companies of young states, for example, the transnational corporations often deliberately slash prices in the hope that local enterprises will not be able to withstand fierce price competition and will be forced out of the market or even be completely ruined. For example, Coca-Cola and Pepsi-Cola attained their dominant position in Argentina's soft drink market by selling their products at prices below overhead costs. In Brazil in 1978 the Cargill firm was accused of deliberately slashing prices for the purpose of monopolizing the local grain market.

One of the American monopolies' favorite methods of penetrating the markets of developing countries and seizing a dominant position there is absorption. They usually strive to immediately absorb the leader in the local market, or at least one of the major local companies. In 1973-1975 around two-fifths of all the industrial affiliates of American transnational corporations in young states were formed by means of absorption.²²

Quite often, today's international monopolies do not even have to resort to absorption or even to the creation of affiliate enterprises in order to seize a large share of the market in a developing country. They make extensive use of so-called exclusive agent agreements for this purpose. This kind of agreement was concluded with local companies by, for example, Union Carbide and Wimco in India, 7-Up and Pepsi-Cola in Brazil, and Mobil Oil in Chile. The typical agreement of this kind,

concluded by a transnational corporation with a national representative, grants the latter the monopoly right to sell the corporation's products in a specific region (or an entire national market) for a specific period of time in exchange for his promise to sell only the products of this corporation, and only within the boundaries of this region, and to comply with several other terms set by the corporation. In terms of legal status, the national enterprises remain independent, but the formal equality of the partners conceals economic inequality.

The restrictive terms of the agent agreements allow the transnational corporations to dictate their commercial policy, and sometimes even their investment policy, to national companies in the developing countries. If the transnational corporation should decide to cancel the agreement, the national enterprise in the developing country loses more than just its monopoly right to sell the corporation's products. It also loses all of its clientele, and its very existence is thereby jeopardized. Consequently, exclusive agents are integrated to such a degree into the sales network of their supplier that this supplier actually becomes their master.

Another tried and tested restrictive practice is the refusal to engage in commercial contacts. International agribusiness monopolies were already making energetic use of this method in the 1950's to expand their plantations in the developing countries. In Brazil, for example, American monopolies unexpectedly refused to accept the sugarcane of local farmers for processing, deliberately causing these farmers to go bankrupt so that they could buy up their land. An official investigation of the activities of transnational monopolies purchasing tobacco leaves in the Philippines in 1976 testified that this restrictive practice is still being employed by transnational corporations. They refuse to buy the tobacco leaves from local farmers until these farmers had to virtually beg them to purchase the harvest at excessively low prices.

Therefore, by employing restrictive business practices in relations with the developing countries, the transnational corporations are behaving in a manner that contradicts even the accepted market activity standards of the developed capitalist countries.

We can conclude, therefore, that the transnational corporations' control over the international network of sales channels is occupying an increasingly important place in the arsenal of neocolonialism. The forms and methods of this control discussed here represent mutually supplementary elements of a single mechanism, with the aid of which the transnational corporations are striving to concentrate as much of the foreign trade of the developing countries as possible in the system of their own intraorganizational exchange by exporting consumer habits to these countries that are alien to them but convenient for the corporations. By forcing them to accept its mediation, the transnational corporation wants to prevent the independent penetration of world markets by the companies of young states, to suppress competition on their part and to force them to agree to unequal terms of commercial exchange.

Under these circumstances, trade relations with the socialist countries, which are devoid of inequality and exploitation, and the struggle to establish a new international economic order in the world are acquiring increasing significance for the economies of the young states.

FOOTNOTES

1. "Transnational Corporations in World Development: A Re-Examination," United Nations, N.Y., 1978, p 234.
2. PRAVDA, 24 February 1981.
3. "Transnational Corporations and the Industrialization of Developing Countries," Doc. UNIDO, ID/CONF. 4/14, Vienna, 1979, p 8.
4. "Marketing and Distribution of Tobacco," Doc. UNCTAD. TD/B/C. 1/205, 1978, p XII.
5. It should be borne in mind that the transnational corporations unite enterprises and companies operating in many branches and in many countries. This kind of production base establishes an objective foundation for the development of intracorporate exchange, which takes the form of international trade. Soviet economists (P. I. Khvoynik and I. D. Ivanov) have noted that this exchange occupies a special place in the structure of international trade: It is devoid of a number of the chief characteristics of foreign trade commercial turnover (the presence of independent trade partners and the transfer of commodity ownership rights from one owner to another) and therefore loses much of the character of commodity exchange.
6. JOURNAL OF DEVELOPMENT ECONOMICS, vol 6, No 3, 1979, p 400.
7. OXFORD BULLETIN OF ECONOMICS AND STATISTICS, vol 41, No 4, 1979, p 298.
8. Ibid., p 307.
9. "Role of Transnational Corporations in the Trade in Manufactures and Semi-Manufactures of Developing Countries," Doc. UNCTAD. TD/185/Suppl. 2, 1975, pp 4-5.
10. BUSINESS INTERNATIONAL, 7 November 1975.
11. FORTUNE, August 1977, p 118.
12. "Marketing and Distribution of Tobacco," p XI.
13. MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA, No 1, 1977, p 83.
14. This means that the characteristics distinguishing the product of a specific firm from other similar products in the market are played up. The basis of this distinction can be real (differences in quality) or artificial (differences in packaging, color and trademarks). The artificial differentiation of products is the cheapest and most convenient way for monopolies to increase sales volume. The development of the trademark system was an absolute godsend for the monopolies in this respect. By creating a special trademark for its goods, a company can use intensive advertising of this brand to artificially increase demand without increasing the demand for the similar products of its competitors and can thereby seize an ever-increasing share of the market.

15. JOURNAL OF WORLD TRADE LAW, vol 14, No 1, 1980, p 83.
16. "The Role of Trademarks in Developing Countries," Doc. UNCTAD TD/B/C. 6/AC. 3/3/Rev. I, 1979, p 15.
17. JOURNAL OF PEACE RESEARCH, vol 1, No 1, 1976, p 54.
18. In 1977, 36 of the 50 largest advertising agencies in the capitalist world were based in the United States.
19. "Transnational Corporations in Advertising," United Nations, N.Y., 1979, p 35.
20. Ibid.
21. BUSINESS INTERNATIONAL, 17 January 1978.
22. "Transnational Corporations in World Development: A Re-Examination," p 224.

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PRESIDENT REAGAN'S HUNDRED DAYS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 42-46

[Article by O. N. Anichkin]

[Text] It is an old American tradition to first evaluate the domestic and foreign policy of a new U.S. administration only after its first 100 days. An unwritten rule commands the press and the new President's opponents to refrain from criticism and attacks during this period, so that the President can study his legacy from the previous administration in peace and determine his priorities and program of action. There is even a saying: "Don't shoot the pianist."

But someone did shoot at the 40th President of the United States, and not with a word of criticism, but with a real lead bullet. The would-be assassin, a 23-year old named Hinckley, fired all of the ammunition in his gun at the President, his guards and press secretary J. Brady, who was standing nearby. A bullet was removed from Reagan's lung. He was conscious the entire time and, while he was still lying in his hospital bed, he even signed a bill that had passed through congress on the cancellation of dairy price supports—the first step in his huge "program of austerity."

The passage of this law was called "Reagan's first legislative victory" by NEWSWEEK magazine. At the end of February the President submitted a 280-page document to Congress, entitled "America's New Beginning. A Program for Economic Recovery." The program set the goals of a balanced budget in 1984 (let us note that 1984 is the year of the next presidential election), the reduction of inflation to 5.5 percent and the reduction of unemployment to 6.4 percent. All of this was to be accomplished through cuts in appropriations for various federal programs, with the exception of military programs, which will not be affected by these cuts.¹ Most of the burden of this plan for budget economy will be shouldered by low-income groups. When black congressmen called a press conference in Washington in connection with the publication of the President's program, they announced that it would make the poor "starve more, freeze more and hurt more."

Almost immediately, however, more or less serious observers expressed the view that Reagan's program, which he promised would deliver the country from inflation and

1. For a more detailed discussion, see Yu. I. Bobrakov, "The Economic Program of the Reagan Administration" (p 46)—Editor's note.

unemployment and would revive the economy, was unrealistic and held out no hope of a solution to America's economic problems. Even the White House admitted that the predictions made in the document "might seem too optimistic to some."

If anyone did feel optimistic, this optimism disappeared completely when the administration submitted its defense budget for fiscal year '82, beginning on 1 October 1981, for a sum of 222 billion dollars, or 32.6 billion more than this year's budget. Besides this, it was officially declared in Washington that the tendency toward larger military outlays would continue. In connection with this, the NEW YORK TIMES stated: "All of this is happening at a time when major foreign policy issues, on which a great deal will depend in coming years, have not been settled. There seems to be an underlying assumption that we must first considerably augment our potential strength, and only then decide how this strength is to be used."

This extremely frank statement referred to Washington's intention to conduct policy from "a position of strength" and strive for military superiority without caring that this, according to the eloquent description of one American observer, "puts the warwagon ahead of the national security horse." The U.S. line of striving for military superiority is obviously contrary to existing international agreements, particularly the Soviet-American documents in which the two sides declared that they would not strive for military superiority because this could lead only to dangerous instability by engendering a higher level of arms and could not contribute to the security of either side. Similar assurances have been made repeatedly by official U.S. spokesmen in the past.

How is Washington justifying its present abandonment of this policy? The facts testify that the new administration has not invented anything new. With the aid of the mass media, rumors are being spread about the "Soviet military threat" and old, hackneyed cliches are being reiterated. What is more, this propaganda is filled with contradictory statements: The "Soviet threat" is discussed on one page while the power of America, which is described as the "strongest," the "most highly developed" and so forth, is praised on the next. Perhaps the only invention to the Reagan Administration's credit is the lie that the Soviet Union is supposedly connected with international terrorism.

This malicious fabrication, which was first voiced by Secretary of State Haig, has not produced the impact anticipated in Washington. The organizers of this campaign naturally could not cite any evidence and, as the NEW YORK TIMES had to admit, quoting "an official source," "this unfounded allegation is not supported by any facts." As a result, the United States found itself the target of criticism and this is not surprising: The support of terrorism has long been an instrument of U.S. foreign policy. The latest example is the assistance of the Salvadoran junta, which, with the savagery of the doomed, has been annihilating the people of the country where its power is upheld by American bayonets. The new U.S. administration quickly "investigated" the situation here and took immediate and "firm" action in the very first days of its existence.

This cannot be said about other areas of foreign policy. The American press has written about the absence of a precise foreign policy program and about the uncertainty and confusion reigning within the administration, among the persons chiefly responsible for making and implementing national policy. From the very beginning,

Secretary of State Haig tried to seize control over the engineering of government policy. This, however, did not keep other administration members from expressing their views on foreign policy issues. This resulted in a situation in which contradictory policy statements were first made and then followed by explanations or simply repudiated.

Here are just a few examples: A State Department official, J. Bushnell, declared that the press had exaggerated the significance of events in El Salvador. The White House and, in part, Haig dissociated themselves from this statement. Secretary of the Navy J. Lehman said that the United States did not necessarily have to observe the terms of the SALT II treaty because it had not been ratified. Later the State Department announced that his statement "does not reflect government policy." Secretary of Defense C. Weinberger called for a new study of the possibility of producing and deploying the neutron bomb. The State Department hastened to soothe agitated allies in Western Europe by announcing that "Weinberger was not declaring any kind of new policy line." Secretary of State Haig "expressed misgivings" in regard to the military exercises conducted by the Warsaw Pact countries, which posed, in his words, "a threat to Poland." After this an official State Department spokesman told newsmen that these maneuvers "to all appearances are not being conducted on such a vast scale and pose less of a threat than it seemed at first." Speaking in a congressional committee, Haig declared that "the communists have seized Nicaragua." The very next day he "clarified" his words.

All of these contradictory statements are confusing the Americans and people in other countries. At the end of the first 2 months of the Reagan Administration, White House press secretary J. Brady made the following statement after another one of these "explanations": "The foreign policy of our nation is directed by the President, and not by the State Department." This announcement, however, simply complicated the situation even more.

A new wave of disagreements between the White House and the State Department came into being when it was announced on 25 March that Vice-President G. Bush had been appointed foreign policy crisis manager. According to reports in the American press, this appointment "pleased Weinberger," but A. Haig was "absolute'y against" this appointment and felt the need to express his displeasure publicly when he spoke in Congress. It was rumored in Washington that he had even threatened to resign. But it was not until the wounded President was lying in the hospital that the full intensity of this struggle within the Reagan Administration became particularly apparent. An incident took place at that time in the White House which "heightened," as the 13 April issue of NEWSWEEK magazine states, "the speculation over whether Haig could continue as secretary of state."

Here is what happened: When a reporter asked, "Who is making the decisions in the White House," Haig faced the television cameras and replied: "The Constitution, gentlemen, specifies the following order of succession--the president, the vice president and the secretary of state.... As of now, I am in control in the White House, pending the return of the vice president" (George Bush was then on his way to Washington from Texas).

Haig was not only misquoting the constitution, according to which the vice president is followed by the speaker of the House and the president pro tem of the Senate (the U.S. vice president is the permanent president of the Senate--O. A.),

and only then by the secretary of state; he also exceeded his authority: He has no right to speak on behalf of the White House. This incident demonstrates once again how truly confused, contradictory and uncertain the foreign policy situation was during the first months of the Reagan Administration. Its main concern was not policymaking, but the question of influence and a power struggle. This struggle took precedence over the clarification of views on urgent policy issues.

"Some officials believe," the ASSOCIATED PRESS AGENCY reported on 23 March, "that the problem lies in the fact that the administration has not yet formulated a comprehensive foreign policy, except for the fervent anticommunist line. It has condemned the Soviet Union and Cuba at every opportunity." American historian A. Schlesinger wrote the following in a WALL STREET JOURNAL article in reference to the U.S. leadership's return to pathological anti-Sovietism: Even before the election, when Reagan the candidate blamed the USSR for all of the world's misfortunes, "we hoped that this was a campaign trick because this view is based on a deeply mistaken understanding of the laws of history." Nevertheless, Schlesinger concluded, "we are hearing disturbing reports from Washington that this theory of Reagan's might serve as the basis of U.S. foreign policy."

Astounding appeals for confrontation with the USSR are being heard in the United States. "Detente is dead," National Security Council senior staff member R. Pipes recently declared. "The Reagan Administration is prepared to fight the Soviet Union anywhere in the world to oppose its plans." He went on to say that if the USSR did not modify its behavior to please the West, war would be inevitable. It is true that the State Department disavowed this declaration by stating that Pipes had used "unnecessarily strong language." But this is not likely to calm anyone down. The declaration of the "hawk" professor quite eloquently testifies to the feelings prevailing in the groups responsible for U.S. policymaking.

These alarming symptoms grew more evident as the new administration became more active. The 26th CPSU Congress, which began on 23 February 1981 in Moscow, announced with regret that the U.S. Government is deliberately moving toward the complication and deterioration of Soviet-American relations and the escalation of international tension. In order to relieve this tension, to continue and deepen the process of detente and to prevent a new round in the arms race, the Soviet Union set forth an extensive program of specific peaceful initiatives in this area at the 26th congress and reaffirmed its willingness to resume the dialogue with the United States, so that pressing problems, important from the standpoint of universal security, can be discussed at the negotiation table while all of the positive achievements in the sphere of reducing the danger of war can be preserved.

"Brezhnev's proposals," the INTERNATIONAL HERALD TRIBUNE reported on 18 March, "caught Washington unawares. In light of these proposals, the position of the Reagan Administration appeared uncompromising and aimed at confrontation."

The Americans and the world public are particularly disturbed by the fact that the U.S. Administration has still not defined its policy in the area of arms limitation. "Reagan has still not brought up the complicated SALT issue for discussion in the National Security Council and SALT has not been discussed on the top level in the administration either," the WASHINGTON POST remarked on 23 March. This was still the situation at the end of April. Even the NATO allies, who met in Bonn on

7 and 8 April at a nuclear planning group session, informed C. Weinberger that they were displeased with Washington's delay in starting the SALT negotiations.

The campaign to frighten Americans and allies with the specter of the "Soviet military buildup," the Soviet Union's plans to disrupt the balance in the near future and so forth is still going on in the American press. Statements by authorities in this field are being ignored. "A global parity exists between Soviet and U.S. armed forces," declared, for example, H. Scoville, former assistant CIA director and now head of the Arms Control Association. The obvious understatement of actual U.S. strength, he stressed, is supposed to "provide for an increased military budget.... This kind of campaign reflects the wishes of numerous sectors, from industrialists who are competing for new contracts to politicians who have chosen this subject for propaganda. In essence, however, all of this indicates the survival of the old American ideology which does not recognize parity and assumes that security can only be safeguarded by military superiority."

These words describe the essence of Washington's present behavior and its constant refrain about the need to ensure the superiority of U.S. strength, which is being used to justify the extreme militarization of U.S. foreign policy, at which time, according to the NEW YORK TIMES, "military equipment is allowed to make foreign policy."

The militarization of U.S. policy in the international arena is reflected in the emphasis on the military, rather than the diplomatic, approach to such burning issues as, for example, the situation in Central America and the Persian Gulf zone, the reconsideration of the neutron bomb question, the refusal to impose any restrictions on weapon sales to foreign states and the declared intention to give increased aid and support to Afghan and Angolan "rebels" (these are the mercenaries who are waging an armed struggle against the legitimate governments in Afghanistan and Angola).

In the area of Soviet-American relations, this reliance on military methods is reflected in the rejection of the SALT II treaty, the absence of an official view in regard to the continuation of the SALT process, the increasingly frequent appeals to make the curtailment of the arms race "contingent" on the USSR's "behavior" in other spheres of world politics and to "revise" the antimissile defense treaty of 1972 and, finally, the attempts to disrupt the present military and strategic balance.

The latter could be particularly dangerous because the disruption of parity by the American side would unavoidably evoke a response from the Soviet Union, and a new round in the arms race could lead to the birth of even more destructive types of lethal weapons. "This matter is now particularly important and urgent," the accountability report of the CPSU Central Committee to the 26th party congress states. "Quick and profound changes are taking place in the development of military equipment. Qualitatively new types of weapons are being designed, primarily weapons of mass destruction, the kind of weapons that might make their control and, consequently, their negotiated limitation exceptionally difficult or even impossible."

THE ECONOMIC PROGRAM OF THE REAGAN ADMINISTRATION

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81, pp 46-51

[Article by Yu. I. Bobrakov]

[Text] On 18 February 1981 President Reagan set forth the basic contents of the Republican Administration's economic program to a joint session of both houses of Congress. It was submitted in a special 281-page document entitled "America's New Beginning. A Program for Economic Recovery." The program is largely quite general in nature and will evidently be supplemented with more specific economic measures in various areas in the future. Nonetheless, the document submitted to Congress provides some idea of the basic outlines of the Reagan cabinet's economic policy.

The very title of the document was obviously chosen to demonstrate the new administration's determination to make an abrupt departure from the system of economic regulation that has taken shape in recent decades, discard the legacy inherited from the Democrats and thereby give economic development a new direction. These announcements reflect more than just the current state of political affairs in the United States. Above all, they reflect the depth of the process of deterioration in the nation's economic affairs throughout the 1970's and at the beginning of the 1980's: The deceleration of labor productivity and economic growth rates, the continuous high rate of unemployment and the escalation of inflation, in the face of which the policy of the Democratic and Republican administrations has turned out to be powerless. In 1980 the latest economic crisis began,¹ accompanied by continuous inflation. In essence, Reagan's program is official acknowledgment of the crisis in the methods of state-monopoly economic regulation and the theoretical concepts, particularly the Keynesian, which served as the basis for this regulation.²

The ineffectiveness of government economic policy and its inability to cope with the chronic ills of the U.S. economy were acknowledged in James Carter's farewell economic report, sent to the Congress in January 1981. For example, the rate of inflation was described as "inconceivable" in this report; the report also stressed that "the insecurity borne of inflation cannot be measured, and the worries connected with it are rending the fabric of our society." When American economists

1. A more detailed discussion of this will be found in the next issue of the magazine--Editor's note.

2. The crisis of state-monopoly economic regulation in the United States was discussed in an article by Yu. I. Bobrakov in issue No 4, 1981--Editor's note.

assess the present economic situation, they say that the "great inflation" of the 1970's has begun to represent what the "great depression" did in the 1930's. It is not surprising that the economic factor was such an important campaign issue.

It is also not surprising that the new President presented a nationally televised public address devoted exclusively to economic matters on the 16th day after his inauguration. "We have lived beyond our means for a long time," he said, "and economic conditions have escaped our control as a result. We have put off paying our bills for a long time, but we cannot do this anymore." In his speech in Congress, he spoke of the "ruinous inflation" that is now measured in double-digit figures, of the "incomprehensible" growth of the federal debt, which is close to a trillion dollars, and of the fact that just 1 percent of the national debt in the current (1981) fiscal year will exceed 90 billion dollars, and warned that if planned expenditures for fiscal year 1982 are not reduced, the debt could increase by another 80 billion dollars.

"Almost 8 million Americans do not have jobs," the President testified. "These are people who want to perform productive work. But the months go by and they lose hope. The threat of lay-offs and unemployment hangs over millions of other Americans, and those who do have jobs are upset because, try as they may, they cannot keep inflation from nullifying their salary increases. Inflation has reduced the real hourly wage of the American worker by 5 percent in the last 5 years. Besides this, in the same 5 years the federal income tax paid by the average family rose 67 percent."

After painting this gloomy but, as he said, accurate picture, Reagan criticized the multitude of government regulations on private enterprise, which, according to the calculations of his advisers, cost the nation 100 billion dollars a year and are one of the reasons for the nation's increasing difficulties. They "diminish our ability to produce material goods." He then went on: "Labor productivity growth rates in the United States, which were once among the highest in the world, are now among the lowest in the major industrial nations. In the last 3 years these rates have actually decreased."

The proposed plan of "economic recovery," Reagan said, would balance the federal budget and help the nation "onto the path leading to our final goal--the total elimination of inflation, heightened productivity and the creation of millions of new jobs."

The central aspect of the plan is the limitation of the growth of federal spending, for the purpose of curbing inflation and rising prices, plus tax cuts. It has been stressed, however, that this does not mean a lower level of government spending, but simply the deceleration of its growth rates. For example, in the next, 1982, fiscal year (beginning on 1 October 1981), budget expenditures should be 49.1 billion dollars below the sum requested by the previous administration. As a result, the growth of these expenditures should be less significant and amount to "only" 40.8 billion dollars. This would mean that the average rate of increase in spending would drop from approximately 15 percent in 1979-1981 to 7 percent in the next few years. This could be followed by a gradual reduction of the proportion accounted for by federal spending in the GNP from 23 percent in 1981 to 19 percent in 1986.

In absolute terms, federal budget revenues should increase from 600.2 billion dollars in fiscal year 1981 to 942.1 billion in 1986, and expenditures should increase from 655.2 billion dollars to 912.1 billion. According to the present administration's plans, a policy of budget economy should gradually reduce the deficit in the federal budget: from 54.5 billion dollars in fiscal year 1981 to 45 billion in 1982 and 23 billion in 1983. In fiscal year 1984 there should be no deficit in the federal budget (for the first time in the last 15 years) and revenues should exceed expenditures in subsequent years.

In what areas will the budget cuts be made? Although the President criticized the "false and exaggerated rumors" about these cuts, which have "alarmed many people," there is no doubt that the cuts will affect only civilian items in the federal budget, particularly social programs. These include federal educational grants and subsidies in the arts, the food stamp program for the poor, free breakfasts in school, some types of unemployment compensation and public medical aid programs.

The plan for budget economy would also affect a number of federal agencies: It would reduce Export-Import Bank limits on export credit by one-third in fiscal year 1982, cancel grants for synthetic fuel projects and turn the construction of these enterprises over to private business and reduce federal aid to state and local governments, as well as to the postal service to heighten its efficiency. The reorganization of the space program has been planned--"a change in priorities which will focus attention and efforts on profitable NASA programs," which could produce a savings of 250 million dollars.

The President announced his intention to end the "squandering of funds and misuse of the federal budget," which he described as a "national scandal," and announced that a special federal interagency committee would be created to combat these practices.

The cuts in spending and conservation rules will affect all departments but one--the Department of Defense. As Reagan himself said, this is the only department with a budget that will actually be larger than before. Here rigid economy will be replaced by lavish spending. Military spending is expected to rise another 169.5 billion dollars in the next 5 years. What is more, this total is supposed to guarantee "maximum defense with minimum spending" and "save" the Defense Department 28.2 billion dollars by 1986. Although Reagan has announced that the United States is still striving to limit weapons through negotiations, he is actually building a financial foundation for increasingly dramatic increases in military spending, which are not in any way consistent with his aim of economic "recovery." Furthermore, the establishment of this financial foundation will be achieved through real, and not putative savings in civilian and social expenditures.

The second major item in the program of "economic recovery" is the group of measures to reduce the personal income tax and provide private capital with broader tax and depreciation benefits. This will involve, firstly, a "universal tax cut" of 10 percent a year for the next 3 years for everyone who pays a personal income tax, or a total cut of 30 percent. In real terms, this would mean that total tax revenues collected from the U.S. population would be reduced, for example, by 6.4 billion dollars in fiscal year 1981 and by 162.4 billion in 1986. Secondly, a system of tax and depreciation benefits has been proposed for private companies, to stimulate the modernization of enterprises and the expansion of research and design projects. Whereas the cuts in the personal income tax are to date from 1 July 1981, the tax benefits for the corporations will be retroactive, dating back to 1 January 1981.

The depreciation program envisages several relatively far-reaching measures: A maximum term of 5 years has been proposed for writing off the cost of machines and equipment, 3 years for cars and trucks belonging to firms and organizations, 10 years for production buildings and facilities, and so forth. According to experts on the President's "team," this program could give industrial companies almost 10 billion dollars more for capital investments in fiscal year 1982 and approximately 45 billion in 1983.

All of these measures have been defined by the President as just the first steps in a campaign to make the "program of economic recovery start curbing inflation." He announced that he would begin working on additional tax reforms after these have been passed by Congress.

Another element of the economic program is a Federal Reserve System credit and monetary policy aimed at curbing inflation by decelerating the growth of the total amount of money in circulation with a view to keeping this growth "stable and moderate." The hope that this will "curb inflation and the rise in interest rates and breathe new life into our financial institutions and markets" has been expressed.

Therefore, the administration's program takes in a relatively broad group of measures in the area of budget and taxation and in the credit and monetary sphere--that is, in the two major areas of economic policy, which represent the basis of the system of state-monopoly economic regulation.

What kind of quantitative economic parameters will the administration's plans produce? According to forecasts by administration advisers, the average annual real rate of increase in the growth national product will rise from 1.1 percent in 1981 to 4.2 percent in 1982 and will stay at this level for the next few years. The total GNP, in 1972 prices, will grow from approximately 1,497,000,000 dollars in 1981 to 1,858,000,000 in 1986. The consumer price index should rise from 274.0 in 1981 (1967 = 100) to 363.0 in 1986; that is, its average annual growth will decrease from 11.1 percent in 1981 to 4.2 percent in 1986. The rate of unemployment should drop from 7.8 percent in 1981 to 5.6 percent in 1986.

Are all of these forecasts realistic? How should the Republican Administration's economic programs be assessed in general?

First of all, we should note that it does not essentially signify any departure from earlier recipes of state-monopoly regulation. It envisages only the, so to speak, massive, one-time use of previous regulative means to bring the economy out of its present state of stagflation. This program, despite all of the well-publicized statements about the "radical reorientation" of the federal government's economic role, is not really aimed at the "curtailment" of government regulation and represents an attempt to reorganize it and adapt it to new conditions.

At the same time, it is interesting that whereas measures to reduce unemployment and expand employment were previously an essential component of economic recovery policy, the new administration has rejected all such measures, at least for the time being, in the hope that economic recovery in itself will help to reduce unemployment in the future. Envisaging sharp cuts in federal social programs, which are the result of many years of struggle by the American working people, the Republican Administration's policy is dictated by the interests of monopoly capital, which is now launching a new attack on the rights of broad segments of the

population. This is the most naive attempt in modern American history to redistribute federal budget resources to increase the share of the powers that be by reducing the share of the underprivileged.

Furthermore, the expansion of tax and depreciation benefits for corporations to stimulate capital investments was actively employed by the Democratic Administration in the 1960's and played a decisive role in speeding up U.S. economic development. At the same time, the policy of "priming the economic pump" contributed to inflation by leaving room for the tremendous growth of the federal budget deficit, and not one of the administration's numerous anti-inflationary programs or different varieties of "budget economy" and spending limitation produced the anticipated results. It is with good reason that the American press has made references to this sad past experience in its commentaries on Reagan's program. "All of our last three Presidents have declared," the WASHINGTON POST remarked, "that the deficit in the federal budget causes inflation and that inflation is dangerous. After each of these Presidents has left office, either the federal budget deficit or inflation, or the two together, have invariably been much greater than before."

Reagan and his economic advisers have apparently tried to take this experience into account and are quite determined to escape this "vicious circle." The measures they propose are intended to simultaneously curb inflation and improve the state of the economy by stimulating its growth. American observers have called their plans an "extremely bold" and "extremely daring and risky enterprise," an attempt to use "psychological shock therapy" to cure economic ills and overcome the now-established "inflationary mentality." Now it is important to make the population believe in the attainability of the program's goals. "When we estimate the chances of curbing inflation with the aid of the new program," TIME magazine reported on 2 March, "the President's adviser E. Meese admitted: 'This is something that would be more than 50 percent, and perhaps even 80 percent, psychological in nature.'" But psychological influence of any kind is only a passing factor.

The new depreciation benefits envisaged in the program would promote the growth of corporate profits, especially for military corporations. These will receive these general benefits as well as tens of billions of additional dollars in connection with the new defense contracts that would be signed after the defense budget has been approved. As for the role of the new depreciation benefits in stimulating the growth of production capital investments and labor productivity, they can only play this role for a few years and will then lose their impact within the near future under the conditions of economic inactivity and the significant underloading of production capacities. What is more, by increasing the demand for production equipment and machinery, it could serve under present conditions as an additional inflationary factor in the nation's economy.

The economic policy line of the new American administration, especially the dramatic increase in military spending, could also have many other negative effects on the U.S. economy. American experts who have evaluated the "program for economic recovery" have pointed out its contradictory features. In a U.S. NEWS AND WORLD REPORT interview (16 March 1981), Professor W. Leontief, prominent economist, stressed that the growth of military spending would not only intensify inflation but also increase the negative balance of payments, complicate production investments, bring about a further rise in interest rates, increase taxes, weaken the international position of the dollar and eventually increase unemployment.

"Reagan," Leontief said, "is asking the nation to jump across an economic abyss instead of building a bridge across it. What worries me is that even if the jump is short by just 5 inches, the outcome will be economic catastrophe."

Something else should also be noted: The administration is actually acting on the assumption that there will be "calm weather" in the U.S. economy in coming years and that it will not experience any serious cyclical, structural or other upheavals. The uncontrolled nature of capitalist reproduction, however, is known to constantly give birth to "storms" in the economies of individual countries and in the international capitalist economic sphere. These "storms" could then overlap and completely obscure the maps of the administration's economic policy.

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THE SAME OLD SCENARIO: INTERVENTIONISM

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 52-57

[Article by V. A. Kremenyuk]

[Text] The new American administration's foreign policy actions and statements of the last 3 months have quite clearly demonstrated that it intends to attain military superiority for the United States and the "rebirth of a strong America" and settle complicated international issues from a position of strength.

The new Washington administration's approach to foreign policy and international relations could lead to serious complications. It could revive and continue the dangerous race for strategic arms, which will keep the entire world on the verge of nuclear conflict. It could provoke new attacks of pactomania in U.S. foreign policy and a senseless desire to surround the Soviet Union and the entire world socialist community and their friends and allies in Asia, Africa and Latin America with military blocs and groups. It holds out the extremely dangerous prospect of new U.S. military intervention in independent states.

When the United States was driven out of Vietnam, the American press summed up some of the results of Washington's interventionist activity in the international arena. The pages of U.S. NEWS AND WORLD REPORT noted that there had only been 3 years (1955, 1956 and 1959) between the Japanese invasion of Pearl Harbor in December 1941 and February 1972 that American servicemen had not been directly involved in armed conflicts abroad. The rest of the time "American servicemen, aircraft and ships intervened for 32 years in almost every corner of the world--in Europe, Africa, the Middle East, Asia and Latin America."

The results of this policy are known to everyone. The United States suffered a crushing defeat in Vietnam and all of the attending circumstances within the nation: A moral and psychological crisis in the ruling elite (personally witnessed by present Secretary of State Haig, who was among President Nixon's closest advisers), the exacerbation of social and racial conflicts and the estrangement of the overwhelming majority of the American public from the governing establishment.

One of the main lessons Washington learned from this defeat was the certainty that U.S. military intervention in armed conflicts abroad had to be curtailed. After 1973 it began to subside. There were military incidents involving the United States at this time, such as the attempt to rescue the American vessel "Mayaguez,"

which was being held in Kampuchean waters, in May 1975, the participation of the American Air Force in the transport of French and Belgian parachutists to Zaire in June 1978 and the adventuristic actions of special U.S. subunits in Iran in April 1980, which ended tragically for some of the persons involved. On the whole, however, the tendency toward armed interventionism in Washington's foreign policy was less pronounced than during the preceding 30 years.

It appeared that the lessons of Vietnam and the process of detente, which began under the influence of the peaceful initiatives of socialist states, had cured the American Government of its obsession with armed intervention in the affairs of independent states and its mania to play the role of world policeman. The new international balance of power, the increasing influence of the young states in world politics and economics and the serious doubts in American political circles regarding the effectiveness and, what is more, the propriety of direct military intervention in the affairs of other states--all of this seemed to reinforce elements of realism in Washington's foreign policy and forced American leaders to display some restraint in regard to acute conflicts abroad.

The position taken by the American Congress should also be recalled. In 1973 it passed a law on the military authority of the President, restricting the White House's right to send American troops abroad for participation in combat operations. In 1975 the Congress was able to restrict the secret operations against independent Angola, reaffirming the American legislators' belief in the need to observe caution in the involvement of the United States in conflicts in Asia, Africa and Latin America.

Nevertheless, the use of American armed forces in conflicts abroad and more general aspects of U.S. interventionism--that is, intervention by all available means in the affairs of independent states--remained the object of fierce internal struggles within American ruling circles. The military-industrial complex, reactionaries and ultra-reactionaries of all breeds did not abandon their attempts to revise the "post-Vietnam" policy line and to revive the practice of using armed force to settle international problems in Washington's foreign policy.

As time passed, it turned out that these attempts were not futile. In August 1977 President Carter signed his well-known directive No 18 (PD-18).

It was based on the conclusions of a review memorandum prepared for the President (PRM-10) by the NSC staff that same summer. The authors of the memorandum stated that although the United States had approximately the same nuclear and conventional potential as the Soviet Union, it held considerable advantages in other "components of strength"--economic, technological, political and diplomatic. For this reason, the authors said, it would be enough for the United States to maintain the existing balance of strategic forces with the Soviet Union and to plan on "cooperation and competition" with the USSR in the sphere of foreign policy, which did not exclude the possibility of bilateral talks on the most urgent international issues, such as the Middle East, the Indian Ocean and arms shipments to third countries.

These other "components of American strength," the authors of PRM-10 believed, could be used by the United States for non-military intervention in the affairs of independent states, which, in their opinion, would give Washington a general political advantage over the Soviet Union without bringing about any excessive destabilization of the international situation.

Under the influence of right wing forces within the administration, President Carter went even further than the authors of PDM-10 had recommended. His directive No 18 instructed the Pentagon to develop new methods of armed intervention in overseas conflicts, insisting that this would supposedly give the United States a more "effective means of managing conflicts" in its own interest.

"In view of the fact that nuclear weapons can no longer be regarded as a means of U.S. management of international crises in this era of strategic parity with the Soviet Union," the INTERNATIONAL BULLETIN noted in a report on this presidential directive on 30 January 1978, "PD-18 asserts that the United States must attach more significance to conventional, non-nuclear armed forces.... PD-18 calls for the reinforcement of U.S. conventional potential, noting that in future crises the side that delivers its troops to the hot spot first will have a significant advantage: The other side will have to take a political and military risk if it tries to rout forces that are already there."

This is how the concept of the "rapid deployment force" was born and took the form of policy. In addition to its immediate function of giving the United States a new means of military intervention abroad, it was also expected to strike a compromise between the positions of influential circles demanding the resurrection of military interventionism as a universal foreign policy instrument and the views of those who opposed this practice. The influence of the latter was not in any sense weak: For example, public opinion polls conducted in the United States in summer 1978, at the height of the NATO powers' intervention in Zaire, indicated that more than 70 percent of the Americans did not want American troops to be sent to Somalia (to support the failed aggression of the Mogadiscio regime against revolutionary Ethiopia) and 69 percent were against U.S. military intervention in Rhodesia on the side of the racist regime. The ideas of "flexible," "measured" and "selective" military intervention, as set forth in the "rapid deployment force" concept, were expected by their authors to reconcile the opposing sides to some degree and solve the entire problem as a whole by reinforcing military interventionist feelings.

The Carter Administration first regarded the concept of the "rapid deployment force" as an addition to its announced general line of intervention in the affairs of independent states with the aid of non-military means--diplomatic, economic and propagandistic. On the pretext of "defending human rights," Washington tried to cut off all aid to countries which had somehow incurred the displeasure of the U.S. Government (primarily countries with a progressive outlook) and to block the channels through which they could obtain loans and credit from international financial organizations.

But even the countries that continued to receive American aid were threatened by U.S. intervention in the form of concern for the "basic needs of the individual." The practice of intervention in the affairs of independent states on the pretext of "securing justice" and satisfying the "basic needs of the individual," which was given official status in the International Development Act of 1978, became one of the instruments of Carter's interventionist policy.¹

1. "Concern for individual rights," former administrator J. Gilligan of the Agency for International Development said in hearings in Congress in 1977, "is always underscored in statements by our President. But these rights do not consist only of political freedoms; they also have an economic content. By providing for the basic needs of the individual, supporting the growth of other countries and ensuring the fair distribution of our aid, we will secure individual rights."

The idea of creating a "rapid deployment force," which was sent up as a trial balloon in 1977, evoked a variety of responses in the United States, but it was not completely rejected. As the crises in the Carter Administration's foreign policy in the African, Latin American and Asian countries grew more intense in 1978 and 1979 (which was most fully demonstrated by the utter failure of U.S. policy in Iran), this idea began to take on the increasingly distinct outlines of a new foreign policy direction, consisting essentially in the abandonment of flexible and cautious methods of intervention in the affairs of independent states and the gradual return to the methods of the "world policeman."

In order to make this change in the instruments of foreign political intervention more acceptable to broad political circles in the United States, the Carter Administration chose to respond to various foreign political problems in 1979 and 1980 as if they were crises. It deliberately used them to create a tense atmosphere, fueled hysteria and promoted the growth of chauvinist and alarmist feelings in a large segment of the American public. This was accompanied by a general increase in anti-Soviet hysteria, in which the central factors were the lies about U.S. "inferiority" to the Soviet Union in the area of strategic and conventional weapons and about the "increasing aggressiveness" of the USSR.

The most indicative examples of this policy are the Washington-inspired crisis over Cuba in the summer and fall of 1979, the American-Iranian crisis of 1979-1980 and, finally, Washington's provocative anti-Soviet campaign on the pretext of the Afghan events.

Washington's exaggeration of each of these crises served, in addition to other foreign policy goals, the completely specific objective of creating a military intervention mechanism. One of the results of the crisis in the Caribbean in fall 1979, for example, was the formation of an operational command for this region with its headquarters in Florida. The American-Iranian crisis of 1979-1980 was accompanied by the unprecedented buildup of U.S. naval strength in the Indian Ocean, securing the possibility of action by the "rapid deployment force" in the Persian Gulf zone. The events in Afghanistan became the "grounds" for the declaration of the "Carter Doctrine," one of the basic features of which was its insistence on U.S. ability to "quickly deploy armed forces in remote parts of the world."

The Carter Administration's "crisis diplomacy" led to the considerable deterioration of the international political climate. It also led to the creation of a new domestic political climate in the United States, in which the idea of armed interventionism, against the background of the general growth of conservative feelings, became increasingly popular in the Congress and in broader political circles.

The set of articles on the U.S. Marines in the 12 January 1981 issue of U.S. NEWS AND WORLD REPORT is extremely indicative of today's America. These articles are filled with the spirit of an interventionist revival; they praised the "leather-necks" (this is what the Marines are called in the United States) as the most effective "rapid deployment" troops in strategic operations, capable of defending "American interests" in any part of the world. "The Marine Corps," the magazine notes, "has unique experience in the conduct of land operations.... The U.S. Congress, which previously insisted on the limitation of presidential authority to conduct military actions abroad, is now willing to give him carte-blanc in the Persian Gulf zone."

Under the cover of promises of "rapid" and "effective" strikes and "measured" and "selective" intervention, the Carter Administration was preparing Congress and broad political circles in the United States for the rebirth of armed interventionism on a much larger scale. Although the American Government had to give some consideration to the misgivings about new military intervention that still existed in the United States, it nonetheless began, under the pressure of the Right, to restore its military potential for new wars abroad.

In particular, in 1979 and 1980, when official statements were being made about the so-called "crescent of crisis" in the Indian Ocean zone, U.S. military and diplomatic agencies were working on much more serious military preparations than the mere provision of the "rapid deployment force" with security measures. After the crisis on the shores of Iran reached its peak in spring 1980, when four U.S. naval aircraft carrier formations were in this region, two formations were stationed there permanently. Despite the return of the American hostages, these formations are still monitoring sea and air lanes in the Persian Gulf.

The United States was able to conclude agreements in 1980 with the governments of Oman, Kenya and Somalia in regard to long-term leases of military bases on their territory. The naval base on Diego Garcia was considerably enlarged and re-equipped and, according to some reports, the United States has deployed nuclear weapons there.

In terms of their character and their scales, all of these preparations go far beyond the bounds of preparation for actions by the 7th Marine Brigade, numbering 12,000 men, which is expected to play the role of the spearhead of the "rapid deployment force" in the Persian Gulf Zone. The United States has actually established the necessary conditions for the immeasurably more expensive deployment of its armed forces, including the Navy, the Air Force and ground troops, in the Indian Ocean zone, turning it into the "third strategic zone" of the United States, after the North Atlantic (with its "bridgehead" in Western Europe) and the Asian and Pacific (with its "bridgehead" in Japan, South Korea and the Philippines) zones.

As the accountability report of the Central Committee to the 26th CPSU Congress stated, "Washington strategists would obviously like to involve dozens of other states in their military preparations and envelop the world with the cobweb of their bases, airfields and weapon depots."

Observers in various countries have called attention to former Secretary of State H. Kissinger's visit to the Middle East at the end of December 1980 and the beginning of January 1981, where he announced that he would appeal to the Reagan Administration for the deployment of American air and naval forces, as well as specialized ground troops, in the Middle East. Kissinger did not conceal his skeptical feelings about the "rapid deployment force," saying that "permanent military presence will replace the concept of American rapid deployment forces."

In this case, we would hardly be mistaken if we drew a parallel between Kissinger's specific political remarks and the more general declarations of President Reagan and Secretary of State Haig. These two U.S. statesmen raised the question of a fight against "terrorism" in their very first speeches on international topics. In the language of American politicians, this means a fight against the national

liberation movement. The fact that the question of "terrorism" was raised presupposes more aggressive U.S. action in the struggle against national liberation movements and a transfer to a policy of armed intervention anywhere.

During the very first weeks of the Reagan Administration, it focused its attention on the question of intervention in El Salvador, where revolutionary forces are fighting a fierce battle against the dictatorship of the military junta. American military and economic aid to the junta was increased sharply, to 225 million dollars. Large groups of American "advisers" were sent to El Salvador. These were American servicemen who had been directly involved in combat operations against patriots. American naval ships were concentrated in the Caribbean. Direct military intervention in El Salvador was threatened, and an attempt was made to frighten Nicaragua and Cuba.

It is obvious that the U.S. Government wants to use El Salvador as a "testing ground," to attempt to win a victory in the fight against the patriots and prove to the "skeptics" in the United States and Western Europe, whose all-round support for Washington's actions is anticipated, the potential of armed interventionism and the reliability of its "new" policy on the global scale. If the Reagan Administration should attain this goal, it might take even more overt action in another region of extreme importance and tension--the Persian Gulf zone.

At one time, the United States entered the war in Vietnam just as gradually and just as imperceptibly for the Americans: Under the Eisenhower Administration it assisted the regime of Ngo Dinh Diem, under Kennedy it moved toward a "special" war against the patriots of South Vietnam, and under Johnson it sent out its own troops in an undeclared war on the Vietnamese people. The Marine brigade that landed on the beaches of Da Nang on 8 March 1965 was only the spearhead of an expeditionary corps of half a million men who eventually had to get out of South Vietnam.

The events of 1979-1981 in the Persian Gulf zone have followed precisely the same scenario. There was a period of "assistance," which ended with the collapse of the policy of supporting the shah's regime in Iran. By the end of the second stage, "special forces" were created. The next stage will be "permanent visible U.S. presence." Official American Government spokesmen have already begun to prepare American political circles for the new stage in the development of interventionism, as President Johnson did in spring 1965 in connection with the events in South Vietnam and the Dominican Republic. There is even a new spearhead--a fleet of American naval forces in the Persian Gulf and on the approaches to it. The possibility of a military role for the United States in the Middle East was discussed when Secretary of State Haig visited countries in the region this April. The position of the American Government on the use of its armed forces against the people of the Middle East related these plans directly to the propagandistic campaign about the "Soviet threat" to the countries of this region. The American Secretary of State had an unpleasant surprise when no one, with the exception of the Israeli Government, responded to his anti-Soviet appeals and thereby rejected the proposal of a further buildup of U.S. military presence in the region.

But after all, it is no secret that the armed aggression of the United States in Vietnam ended in its defeat and humiliating expulsion. Does the new American Administration have any reason to expect the same "scenario" to have a different ending now that the balance of international power has changed even more as a result

of the growing strength and influence of world socialism and the stronger independence of the young states? No reason at all!

The Soviet Union has proposed and is defending a realistic and fair way of keeping the peace in the Persian Gulf zone.

But this solution is not to the liking of imperialist forces in the West because they want to arrange for a new "test of strength" in the international arena. As L. I. Brezhnev said at the 26th CPSU Congress, "adventurism and the willingness to risk the vital interests of mankind for the sake of their own restricted and selfish goals--this is what the policy of the more aggressive circles of imperialism reveals. Displaying complete contempt for the rights and desires of people, they are trying to call the liberation struggle of the masses a form of 'terrorism.' They have truly set themselves an unattainable goal--they want to block all progressive changes in the world and regain the power to decide the fate of people."

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CONFERENCE OF AMERICAN SOCIALISTS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 58-62

[Article by S. M. Plekhanov]

[Not translated by JPRS]

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STATE-MONOPOLY REGULATION OF DOMESTIC VIRGIN MATERIALS FLOWS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 63-72

[Article by B. P. Sitnikov]

[Not translated by JPRS]

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SHOOTING THE PIANIST

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 73-74

[Article by V. M. Gevorgyan]

[Not translated by JPRS]

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WHO DELIVERS FOREIGN NEWS IN AMERICA AND HOW IS IT DELIVERED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 74-77

[Article by A. B. Pankin]

[Not translated by JPRS]

CSO: 1803/9

LEADERS OF THE 97TH CONGRESS

Moscow SSNA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 3, May 81 pp 78-83

[Article by Yu. A. Ivanov, Ye. M. Silayeva and T. Z. Dzhaparidze: "Changes in Congress"]

[Text] When the 97th Congress began its work on 3 November and its members had been sworn in, the Senate Democratic minority leader, Robert Byrd (from West Virginia), made the following remark from the speaker's platform:

"When I look around, I can see that the Democratic ranks have thinned out, while on the other hand I see that the Republican ranks are somewhat swollen."

The leader of the Republican majority in the Senate, Howard Baker (Tennessee), immediately replied:

"What looks like a swelling to the other side seems like simple political justice to us."

This exchange of caustic remarks referred to the significant change in the alignment of forces in the new Senate: For the first time since 1954 the Republicans had won a majority in this chamber, where they now hold 53 seats and the Democrats hold 47. However, although the Republican Party slightly increased its representation in the House of Representatives, it is still controlled by the Democrats, who have a majority of 51 votes.

For the first time since 1932 a fairly rare situation in American politics has taken shape--the two houses of Congress are controlled by different parties. In contrast to most other bourgeois parliaments, each of the two houses of the U.S. Congress carry out the legislative process virtually independently. Bills passed by the two houses on the same issue can differ significantly, and the final version of the bill is drafted by a joint conference committee. When this is done, each of the houses has the right to instruct its representatives on this committee to not make any significant concessions or to reject the committee's final compromise draft altogether. Now that the House of Representatives and Senate are controlled by different parties, the possibility of conflict in the next 2 years cannot be excluded.

Another important change in the composition of the 97th Congress, which could have a noticeable effect on all of its activity, is the seriously increased strength of the conservative bloc in both houses. Whereas the three traditional blocs--

conservative, liberal and centrist--were approximately equal in size in the Senate in the mid-1970's, the conservative bloc of senators from both parties represent around half of the present Senate, according to the calculations of some experts. There are now more senators whose views differ hardly at all from the ideas propounded by the extreme Right. This is true, for example, of the new Republican Senators J. Danton (Alabama), J. Abdnor (South Dakota) and S. Symms (Idaho).

Although the conservative bloc in the House of Representatives is not as strong as the one in the Senate, the tendency toward the reinforcement of its position is nonetheless present here as well. On the whole, according to the INTERNATIONAL HERALD TRIBUNE, "Congress occupies a position far to the right of the public and the President. This is naturally an alarming prospect."¹ Given the absence of factional party rules in the U.S. Congress, each legislator is free to choose his own position when ballots are taken, and from this standpoint the increasing strength of the conservatives is obviously a much more significant phenomenon than the change in the party balance.

It should be noted, however, that even within the coalition of conservatives from both parties and within the Republican majority in the Senate there are significant differences in approaches to urgent economic problems and domestic policy issues. Perhaps the only matter on which there is a consensus in the Congress is the need for immediate steps to improve the state of the nation's economy, but the opinions in regard to these steps are quite varied.

The changes in the composition and alignment of forces on Capitol Hill also brought about noticeable changes in the leadership of the 97th Congress. These changes are particularly significant in the Senate, where the majority, as mentioned above, is now held by the Republican Party.

The Republican leader in the Senate is still H. Baker (Tennessee), who had been Republican minority leader since 1977. During the first weeks after their victory in the 1980 election, some conservatives from the Republican faction, who feel that H. Baker is "too moderate," considered the possibility of finding a replacement for him. Baker was able, however, to enlist Reagan's support, and when the President's good friend, Senator P. Laxalt (Nevada) nominated him, he was unanimously re-elected.

Howard Baker was born in 1925 in Huntville, Tennessee. He has a law degree and was once a partner in a family law firm in his state. In 1966 he became the first Republican sent to the Senate by the State of Tennessee in many years and has been re-elected several times. He became quite famous in 1973-1974, when he co-chaired the special Senate committee that conducted the Watergate hearings. In 1980 he failed to win the Republican nomination for President, but failed to win broad support and soon dropped out of the race.

On the majority of political matters, Baker occupies a position right of center in the Senate, skillfully maneuvering between the conservative Republicans and the moderates. His use of parliamentary tactics is masterful, he has an excellent understanding of the workings of Congress, he is extremely cautious and practical

1. INTERNATIONAL HERALD TRIBUNE, 10 November 1980.

and he strives not to take a rigid stand and sometimes even takes a less than definite one. However, his position on the buildup of military strength, on increased military spending and on the production of the neutron bomb are quite definite and active. In 1978 he supported the new agreements on the Panama Canal and, to a considerable extent, it was due to his stand that the Carter Administration was able to win the Senate's approval of them. He was one of the leaders of the opposition to the SALT II Treaty in the Senate. In the area of domestic policy, Baker supports the Reagan Administration's proposed tax cuts and private enterprise incentives.

The Senate Republican whip (the assistant majority leader) is still Theodore Stevens (Alaska). He was born in 1923, and in the 1950's and 1960's he practiced law and went into politics in his own state. He has been in the Senate since 1968. Although his general position is close to the center, he usually votes with the conservative bloc in matters of military policy. Stevens visited Beijing and Taipei at the beginning of the year. This was the first contact with China by a representative of the new administration, and the press suggested that the trip might have been an attempted "mediating mission" to reconcile the PRC with the Taiwan regime.

The winning of the majority by the previous minority party also gives rise to several other important changes. In particular, the majority party appoints new chairmen to all committees and subcommittees. The members of Congress who occupy these important positions have a great deal of authority and can influence the entire legislative process within the operational sphere of their committee.

It was this kind of change that took place in the Senate when the present Congress began its work. Although the "rule of seniority" is no longer officially enforced when committee chairmen are appointed, it is still observed in most cases in the Senate and, as a result, these positions are given to the ranking Republican on the committee. In most cases, these are legislators known for their conservative views: S. Thurmond (South Carolina) in the Committee on the Judiciary, J. Tower (Texas) in the Committee on the Armed Services, O. Hatch (Utah) in the Committee on Human Resources, J. McClure (Idaho) on the Committee on Energy and Natural Resources, J. Garn (Utah) on the Committee on Banking, Housing and Urban Affairs, and others. However, as a result of the abovementioned tradition, at least two extremely important committees are now headed by senators classified as moderate. These are C. Percy (Illinois) on the Committee on Foreign Relations and M. Hatfield (Oregon) on the Committee on Appropriations.

Charles Percy was born in 1919. He has a degree in economics. He served in the Navy in World War II. After the war he was an executive in the Bell & Howell firm until the mid-1960's, first as a member of the board and then as its chairman. He has been active in Republican Party politics since the 1950's. In the Senate since 1967, he has won a reputation as a moderate-liberal legislator.

In 1966 Percy defeated his Democratic rival in the Senate election primarily on the strength of his reputation as an opponent of the Vietnam war. In the Senate he proposed the curtailment of the war in Indochina several times. Percy criticized the U.S. policy aimed at overthrowing the Allende Government in Chile, opposed the deployment of American antimissile systems and supported the Hatfield Amendment on the cancellation of neutron weapon production and the resolution extending the

terms of the SALT I agreement. However, Percy has opposed defense budget cuts and has supported the continued buildup of U.S. strategic potential, including votes in favor of the B-1 bomber and the Trident submarine.

Percy feels that his activity as chairman of the Senate Foreign Relations Committee should be aimed at "establishing the closest relations with the administration that any chairman in our time has ever had, and making the committee more bipartisan than any other committee of our time." Percy warned, however, that difficulties could arise in relations with the White House if the administration should start drafting foreign policy initiatives in secret, without consulting the Senate in advance. In reference to his feelings about the Reagan Administration's foreign policy, he said that he had "no problem" with "Reagan's philosophy of peace through strength."²

At the end of November 1980 Percy visited Moscow, where he was received by General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet Presidium L. I. Brezhnev, as well as USSR Minister of Foreign Affairs A. A. Gromyko, member of the CPSU Central Committee Politburo, and USSR Minister of Defense D. F. Ustinov, marshal of the Soviet Union and member of the CPSU Central Committee Politburo.

The chairman of the Senate Committee on the Armed Forces in Congress is now J. Tower (Texas). He was born in 1925. He served in the Army in World War II. He is a professor of political science and the author of a number of ultra-conservative works. In 1961 he won the Senate seat vacated by then Vice-President L. B. Johnson and became the first Republican senator from Texas since 1870. He is supported by Texas oil industrialists and the defense industry. In 1964 he actively supported Goldwater for president. He belongs to several ultra-right wing organizations.

Tower is one of the pillars of extreme conservatism in the Congress and has a great deal of influence in the Senate Republican faction. While he has been in the Senate, he has invariably voted for increased appropriations for defense programs. Ever since the beginning of the Reagan Administration and his own appointment as chairman of his committee, his requests for military appropriations have grown rapidly; in particular, he called for an increase of 10 billion dollars in the defense budget for the current (1981) fiscal year. In an interview at the end of last year, he said that "national security" must be first on the list of priorities; he suggests that the funds required to safeguard national defense be obtained through cuts in social security and other domestic programs. In the same interview, Tower gave his definition of the goals of U.S. foreign policy. They are: "the protection of the country from invasion," guaranteed access to natural resources and markets abroad and the safeguarding of military and other major U.S. interests in the developing countries. John Tower has always taken a hostile stand on any Soviet-American strategic arms limitation agreements.

There have been no changes in the leadership of the Democratic Senate faction, which is now the minority faction. The leader of the Democrats is still Robert Byrd (West Virginia) and the whip is Alan Cranston (California).³

2. Ibid., 12 January 1981.

3. See SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 5, 1977, pp 68-77.

In the House of Representatives, where the Democrats have retained the majority, the changes in the leadership have not been as significant as in the Senate. They are connected either with the election defeat of some legislators or with the increased activity of conservatives in both factions.

A simple calculation shows that if the Republicans in the House of Representatives, who have 192 votes, had been able to rely on the support of a few dozen extra Democratic conservatives, this would have given them an opportunity to form the majority needed for the passage of some conservative initiatives. This hope grew stronger in the Republican camp when more than 30 Democratic congressmen from the Southern and Southwestern states formed the "Democratic Conservative Forum" in the first week after the election and announced that they intended to support the Republicans in a number of areas. The Republican camp even made an attempt to pull these members of the House over to their side completely and elect a Republican speaker of the House. This plan failed, however, and the Republicans then proposed that a conservative Democrat be elected speaker. But the leaders of the House Democrats apparently have enough influence to compel even extreme conservatives within their faction to support their leadership's position on fundamental issues. Thomas O'Neill (Massachusetts) was re-elected speaker of the House of Representatives for a third term.

At the same time, the leaders of the House Democrats apparently realized that the possibility of cooperation by Southern conservative Democrats with the Republicans posed a serious threat to them. The Democratic leaders were able to use the voting machine to eliminate this threat and, as a result, to establish the kind of balance of party representation in the main committees that left them a great deal of room for maneuvering. For example, whereas the overall balance of power in the House is approximately 56 percent Democratic and 44 percent Republican, there are now 11 Democrats and 5 Republicans on the Committee on Rules, on which the passage of all bills depends, the ratio is 2:1 on the Committee on Ways and Means and 3:2 on the Appropriations Committee.

At the same time, the leaders of the Democratic faction in the House felt it was also necessary to make some concessions to the conservative wing. One of the leaders of this wing, J. Jones (Oklahoma) became the chairman of the House Budget Committee, which exerts considerable influence in congressional decisions on economic matters. Americans have noticed that Jones' economic views are close to the views of former Congressman D. Stockman, the Reagan Administration's head of the Office of Management and Budget. Other leaders of the conservative Democrats were also appointed to important committees: P. Gramm (Texas) to the same Budget Committee, W. Watkins (Oklahoma) to the Appropriations Committee, and K. Hance (Texas) to the Ways and Means Committee.

This kind of political maneuver is a common occurrence in the U.S. Congress. But this does not mean that the influence of the leadership of the House Democratic faction is sufficiently strong. Speaker of the House T. O'Neill made a conciliatory promise at the beginning of the session: "We intend to adapt to changing circumstances and to seek a common stand with the other House and the new President." The Republicans were apparently wrong, however, if they thought that the actions of the Democratic House leaders would actually pursue only these modest goals.

The Democratic faction in the House is still headed by Speaker T. O'Neill. He was born in 1912. In 1952 he was first elected to Congress from the same district in the State of Massachusetts which had earlier been represented by the future President J. F. Kennedy. In the House of Representatives he gained a strong reputation as a liberal. He supported legislation on civil rights and the social programs proposed by the Democratic Party in recent decades. He did not support the swelling of the defense budget and he was one of the first in the House to criticize the aggressive U.S. war in Vietnam.

The Democratic majority leader in the House is still James Wright (Texas). He was born in 1922. He was first elected to the House in 1954 from one of the Texas districts with a developed economy. In the last congressional session, Wright supported the bill on the oil monopoly windfall profit tax, and this almost cost him his congressional seat. He had a strong opponent in the 1980 election, supported by oilmen, and only won re-election with great difficulty. In foreign and military policy matters, Wright has taken a conservative stand; he votes for defense budget increases and supported the war in Vietnam even when it began to be sharply criticized in Congress.

When J. Brademas (Indiana), who occupied the third-ranking position in the faction, that of party whip, in the last session, was defeated in the election, Thomas Foley (Washington) was elected to this position. He was born in 1929. Prior to his election to Congress in 1964, he was on the staff of H. Jackson, the Democratic senator from Washington. Foley is believed to have retained his loyalty to his former boss. In any case, he usually votes with the "hawks" in matters of military policy. At the same time, he has taken a position closer to the center on several domestic policy issues.

The House Committee on International Relations in the new Congress is still headed by Clement Zablocki (Wisconsin). He was born in 1912. This is one of the senior members of the House (first elected to Congress in 1948). Zablocki has fairly conservative views on the majority of foreign policy issues. It is significant, however, that in the 1970's Zablocki actively supported the augmentation of Congress' role in foreign policy and was directly involved in drafting two major legislative acts connected with this--the law on military powers and the law on executive agreements.

The chairman of the House Committee on the Armed Services is still Melvin Price (Illinois). He was born in 1905. He is also one of the veterans in the House: He has been a congressman since 1944. Price is known as a confirmed supporter of unlimited increases in military appropriations and the development of new weapons. Under his leadership, this committee in the 96th Congress sanctioned the allocation of funds for even some armament programs that had not been envisaged by the administration. He supports the neutron bomb and the MX missile system.

The passage of the Reagan Administration's economic program through Congress, particularly the tax reform, will depend on the House even more than on the Senate, as it is precisely the House that must, according to the Constitution, initiate such bills. In this respect, the Democrats' control over some of its major bodies, such as the Ways and Means Committee and the Rules Committee, is particularly significant. In the 97th Congress, these committees are headed by centrist Democrats D. Rostenkowski (Illinois) and R. Bolling (Missouri), on whose support the leadership of the House Democratic faction is strongly relying.

Major changes have taken place in the leadership of the House Republican faction. Under the pressure of the group of conservative Republicans, the nucleus of which consists of the newcomers who were elected to the House in 1976 and 1978, J. Rhodes (Arizona), former faction leader, was forced to resign. A fight for this vacancy broke out between J. Vander Jagt (Michigan), supported by the extreme right wing of the faction, and R. Michel (Illinois). The winner of the election, the outcome of which was uncertain until the last moment, was R. Michel, one of the oldest members of the faction, who was re-elected this fall to a 12th term. As a legislator, he occupies a conservative position, supporting cuts in social programs and increases in defense appropriations. He is not as militant as the Republican extremists, however, and leans more toward Congress' traditional methods of mutual concessions and compromises. He has said that his ability to deal with the Democrats, who constitute the majority in the House, will help him push Reagan's economic proposals through this chamber.

Young Congressman T. Lott (Mississippi) was elected Republican whip. In his time in the House (since 1972), he has generally taken a position on the extreme Right on questions of domestic and foreign policy. It is true that he admitted at the beginning of the year that the Republicans' new responsibilities had had a "sobering effect" on him and his colleagues.

As we can see, the personnel composition of the faction and committee leadership in the House of Representatives has not been decisively affected by the growing strength and size of the conservative wing. The leading positions have mainly been retained by well-known legislators who support traditional methods of solving political and legislative problems, and moderates and liberals are still the prevailing influence in the leadership of the Democratic majority in the House. These are the principal results of the rearrangement of the leadership in both houses of the U.S. Congress. Time will tell how they affect the actual work of Congress.

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HUMAN RELATIONS IN MANAGEMENT

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 84-93

[First installment of abridgement by I. M. Vereshchagin, candidate of economic sciences, of the book "Human Relations in Management" by Samuel Deep, Glencoe Publishing Co., Inc., Encino, Collier Macmillan Publishers, London, 1978; abridgement prefaced by article by V. S. Rapoport, doctor of economic sciences and research associate at the All-Union Scientific Research Institute of Systems Analysis of the State Committee for Science and Technology and the USSR Academy of Sciences]

[Not translated by JPRS]

CSO: 1803/9

MICROGRAPHICS INDUSTRY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 94-104

[Article by R. N. Ivanov]

[Not translated by JPRS]

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BOOK REVIEWS

The 1980 Campaign

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 105-106

[Review by S. A. Samuylov of the book "How To Win Votes. The Politics of 1980" by Edward N. Costikyan, New York and London, Harcourt Brace Jovanovich, 1980, XIX + 200 pages]

[Not translated by JPRS]

Technical Entrepreneur

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 106-107

[Review by A. O. Monfor of the book "The Technical Entrepreneur. Inventions, Innovations and Business," edited by D. Scott and R. Blair, Press Porcepic Ltd., Canada, 1979, 288 pages]

[Not translated by JPRS]

History of Public Education

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 107-108

[Review by G. T. Malyutin of the book "Schooled to Order. A Social History of Public Schooling in the United States" by D. Nasaw, New York, Oxford University Press, 1979, 303 pages]

[Not translated by JPRS]

Eisenhower War Memoirs

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 109-110

[Review by S. A. Sergeyev of the book "Crusade in Europe" by D. Eisenhower, translated from the English, Moscow, Voenizdat, 1980, 526 pages]

[Not translated by JPRS]

Middle East Crisis

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 110-112

[Review by R. N. Andreasyan and G. K. Shirokov of the book "Blizhnevostochnyy krizis: neft' i politika (Novyye politiko-ekonomicheskiye faktory i ikh vliyaniye na sasstanovku sil v regione)" [The Middle East Crisis: Oil and Politics (New Economic Policy Factors and Their Effect on the Balance of Power in the Region)] by S. A. Losev and Yu. K. Tyssovskiy, Moscow, Mezhdunarodnyye otnosheniya, 1980, 256 pages]

[Text] This book by prominent Soviet journalists S. A. Losev and Yu. K. Tyssovskiy is distinguished by an interesting attempt to combine an examination of the purely petroleum-related aspects of the Middle East conflict with an analysis of the overall political situation in a single book and demonstrate to the reader how both of these sets of factors interact in the policy of imperialist powers, primarily the United States, and the kind of influence they are having on the crisis in this region.

Most of the book is taken up by an analysis of the 1973 war, its consequences, the betrayal of the Arab cause by Egyptian President Sadat and the new stage of U.S. neocolonial policy connected with the so-called "Carter doctrine." In Chapter IV, which deals with the October War, the authors examine the Arab countries' use of the "petroleum weapon" against the aggressor and his accomplices and describe the effects of the fall of the pro-American shah's regime on U.S. oil interests. The part played by Saudi Arabia in the development of the conflict and in the fate of the Arab countries is examined in close connection with the Saudi royal court's desire to use its tremendous oil revenues in the fight against progressive forces.

Other interesting sections of the book provide the Soviet reader with new information about Libya's struggle for the revision of concession agreements and the partial nationalization of its petroleum industry, explain the workings of Saudi policy toward Egypt, Lebanon and Israel and describe the tactical differences between various Zionist parties. The authors present abundant factual material on the militarization of the Middle Eastern countries, imperialism's practice of foisting its weapons on the Arab countries and the shah's Iran, and the uninterrupted and growing flow of weapons from the United States to Israel. The resistance of imperialist expansion by the Middle Eastern people is also discussed in detail.

A particularly valuable feature of the book is its references to numerous studies by foreign authors which have never before been cited in Soviet scientific literature. It would seem that these authors have covered the major, most renowned works on this topic published abroad. For example, in their description of the social strata which propelled Egypt away from Nasser's policy line, the authors mention the works of progressive economist F. Mursi and French expert on Middle Eastern affairs E. Rulot. These strata were the old national capitalists who had managed to survive, the new capitalists who had emerged and grown rich in administrative positions in the state sector (or the "administrative class, as Rulot calls it), with which the present leadership is connected, the grand bourgeoisie, which was operating in the spheres of contracting operations and wholesale and export trade, and, finally, the remaining traces of old classes--feudal lords and big capitalists who were able to hang on to part of their fortune (pp 98-100).

With references to the work of English researcher R. Mitchell, the authors point out A. Sadat's connections with the Muslim Brotherhood and Hitler's intelligence network during World War II and tell how Sadat, with his wife's help, turned into a big Egyptian capitalist and established family ties with the most prominent members of the nation's business community and business ties with foreign monopolies. The authors present a great deal of material to expose the so-called open-door policy, which opened the Egyptian economy to expansion by foreign monopolies and saddled the nation with huge debts to the imperialist states, the repayment of which is bleeding the Egyptian national economy dry (pp 112-122), and describe the secret workings and entire process of Sadat's conspiracy with the Saudi court and, through it, with the U.S. Government (pp 126-129).

The authors present interesting information about the complex structure of the large Saud clan, the secret power struggle being fought by its 4,000-5,000 members, the distribution of high government posts to princes and the methods of acquiring unheard-of wealth by appropriating billions of dollars in oil revenues.

The authors present a detailed and systematic analysis of the "Carter doctrine," correctly stating their opinion that it essentially signifies U.S. willingness to use force and start military conflicts in any part of the world that has been declared a "sphere of vital U.S. interests" (p 218).

Step by step, the authors scrutinize the entire mechanism of this doctrine, as it was conceived and as it has taken shape--the system of military blocs and pacts, the sale of weapons to allies, the search for military bases and, finally, the creation of the "rapid deployment force."

Although our overall opinion of this work by S. A. Losev and Yu. K. Tyssovskiy is a positive one, we must say that they were not equally successful in all respects. For example, on page 86 and further (p 215) on in the book, the authors express the view, in different ways, that the United States' increased dependence on Middle Eastern oil has restricted Washington's opportunities to maneuver between Israel and the Arab countries. In principle, this is true, but something else is also true: The United States is not afraid to support Israel's basic demands and ignore the rights of the Palestinians. Perhaps the authors should have explained why the U.S. administration's behavior seems so illogical. Apparently, Washington believes that inter-Arab conflicts will keep the Arab countries from taking decisive united

action to cut off oil shipments to the United States and withdraw their petrodollars from this country, while the concentration of political power in the hands of conservative, bourgeois or petty bourgeois forces in the Arab countries will inhibit the establishment of strong cooperation with the socialist community. We feel that taking these considerations into account would have permitted a more accurate description of the impasse in U.S. Middle East policy, which indisputably exists, primarily because, as the authors point out, the United States has been unable to convince a single Arab country, with the exception of Egypt, to agree to the Camp David bargain, and they are still opposed to the American-Israeli-Egyptian alliance.

We feel that the authors' discussion of Sadat's "peaceful initiative" is obscure in some respects. Above all, it would have been better to demonstrate the degree to which Sadat's actions were inspired by Washington, even though they did coincide in general with his personal intentions.

The authors' opinion that Sadat "completely ignored the aggressive nature of Zionism" and made the mistake of weakening the army by allowing relations with the USSR to deteriorate (p 185) is debatable, in our opinion. It would seem that the opposite is true. Sadat had too much experience in politics to misunderstand the goals of the Zionists. When he betrayed the Arabs, he expected the United States to force Israel to give up its territorial conquests on the Sinai Peninsula without a new war. Sadat now only needs the army to perform the functions of an American policeman in Asia and Africa and in inter-Arab conflicts. It is for this reason that the West is supplying him with all of the necessary military equipment.

Unfortunately, the close connection between petroleum and politics is not always traced clearly enough in the book. The authors make few references to Soviet researchers, they use some oil marketing terms incorrectly and they overestimate OPEC's effect on inflation.

Nevertheless, there is no doubt that S. A. Losev and Yu. K. Tyssovskiy have written an interesting book which will take its rightful place in Soviet literature on Middle Eastern affairs.

Economic Diplomacy

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 112-113

[Review by V. A. Yulin of the book "Ekonomicheskaya diplomatiya" by I. A. Ornatskiy, Moscow, Mezhdunarodnyye otnosheniya, 1980, 272 pages]

[Text] In this study of the economic factors of imperialist foreign policy, I. A. Ornatskiy, expert on world economics and diplomat, presents a thorough analysis of the forms and methods of the imperialist states' economic diplomacy and traces its connection with the interests of the ruling elite and the gigantic transnational monopolies, which possess colossal economic power and can dictate their will to almost the entire capitalist world.

The author presents a detailed and thorough description of the peculiarities of U.S. international economic policy and the mechanism of its implementation, including its multilateral aspects.

Imperialism's practice of more vigorous economic diplomacy in recent years has been connected with the intensification of the general crisis of capitalism, the exacerbation of social and other conflicts in the capitalist states, the continuous polarization of the interests and desires of the developed capitalist and developing countries and imperialism's desire to preserve the present system of unequal international economic relations. One of the main purposes of economic diplomacy, the author stresses, is still the opposition of world socialism with attempts to create discord between the states of the socialist community and the developing countries and reduce the decisive effect of the union of forces for socialism, the national liberation movement and the international workers movement on the entire course of world events.

The author presents an extremely interesting analysis of the activities of international economic organizations--this unique arena of confrontation and struggle between the two world socioeconomic systems. He concentrates on a critical analysis of the main areas of U.S. multilateral economic diplomacy. Citing specific examples, the author exposes its true goals and intentions, its global ambitions and its expansionist plans. Through these economic organizations, U.S. imperialism is striving to thrust the customs and ideas of the "free world" on other people and to channel world economic relations in directions convenient and beneficial to U.S. monopolistic capital (pp 139-216).

The origins and development of the economic diplomacy of developing countries and its role in the economic and organizational unification of African, Asian and Latin American countries on an anti-imperialist basis are discussed in a separate chapter. The struggle for a new international economic order--that is, for the reorganization of international economic relations on a fair and democratic basis--occupies a special place in the book (pp 52-95).

The author correctly notes that this movement was born, matured and grew under the direct influence of the revolutionary theory and practice of world socialism and the experience in the development of egalitarian economic relations by the socialist countries.

Other interesting sections contain an analysis of the struggle of the diplomacy of the USSR and other socialist countries for peace, security and mutually beneficial international economic cooperation and socialist diplomacy's support of the progressive demands of the developing countries.

When the significance of economic diplomacy and its role in international affairs are being assessed, as the author correctly points out, we must not forget that international economic problems, regardless of how important and urgent they may seem in themselves, must be examined within the context of the overall international political situation and are only of secondary importance in comparison to such cardinal and decisive issues of the present day as the need to preserve and strengthen peace and international security, strengthen the process of detente and bring about disarmament.

It is precisely this atmosphere of lasting peace and real steps toward disarmament, the author stresses, that will create the most favorable conditions for the resolution of economic and other problems facing the world community.

American Peace Movement

Moscow SSIA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 9, No. 91 pp 113-114

[Review by D. Ye. Furman of the book "Dvizheniye za mir, protiv militarizma i voyny v SSHA (1965-1978 gg.)" (The Movement for Peace and Against Militarism and War in the United States (1965-1978)) by Ye. N. Yershova, Moscow, Nauka, 1980, 221 pages]

[Text] Our press contained extensive coverage of the peace movement in the United States during the period of U.S. aggression against the people of Indochina. This work by Ye. N. Yershova is the first book to deal exclusively with this matter. In this book, the author has summarized a great deal of factual material.

The high pitch of the emotions of that time and the scales of the demonstrations were astounding to contemporaries, and if we look for analogies in the modern history of Western Europe, the events of 1917-1918 in Germany and France naturally come to mind. At that time, however, the antiwar movements in the Western European countries were associated more with the working class and with ideologies which rejected the existing order on principle and upheld new social ideals. In the United States, on the other hand, the main role in this movement, despite all of its social, ideological and organizational variety, has been played by the intelligentsia and bourgeois liberal groups who have stayed within the framework of the American sociopolitical order (pp 30, 177). It must be said, however, that the author does not present an adequate analysis of the social composition of the movement and the factors affecting the views of various population groups in regard to war in general and the Vietnam War in particular.

Yershova correctly points out that, although the scales of the movement of the 1960's and early 1970's were exceptional, the basis of the movement was the old pacifist and antimilitarist tradition, dating back to the beginnings of American history (p 22). Just as many Americans sympathized with the Vietnamese patriots at the time of the Vietnam War, in 1846, at the time of the war with Mexico, the BOSTON ATLAS newspaper reported: "It would be a sad and distressing pleasure, but nonetheless a pleasure, to hear that the hordes led by Scott and Taylor (the U.S. army fighting the war in Mexico—D. F.) had all, to the last man, departed this world." It is hardly likely that a similar statement could be found in any non-revolutionary, legal European newspaper.

The political history of the United States testifies to the existence of aggressive militaristic tendencies and of pacifist and moralist tendencies; the latter engendered opposition to all American wars. It would be extremely interesting to compare the peace movement of the 1960's with similar earlier movements primarily in terms of the composition of their membership. This would give us a better understanding of the reasons for the huge scales of the 1960's movement, the degree to which they stemmed from profound social and cultural changes in U.S. society and the degree to which they were connected with such factors as the peculiarities of the Vietnam War and the fact that it coincided with the explosive civil rights movement.

The peace movement of the 1960's not only has its roots in past U.S. history, but also its "offshoots" in subsequent history. The author shows that although the mass antimilitaristic movement declined when the war in Vietnam ended, there are still organizations which are continuing the struggle against militaristic tendencies. The positions of some have become even more profound, astute and sound. Besides this, the stormy events of the recent past have entered the mass consciousness, the national mind, and have stayed there as a reminder of the powerful potential of the American tradition of pacifism and antimilitarism, which, if the situation should take an identical and similar turn, could lead at any time to a movement of the same scale as the 1960's movement.

Ideological Currents in the American Revolution

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 p 114

[Review by R. Ye. Kantor of the book "Ideynnye techeniya v amerikanskoy revolyutsii XVIII veka" by V. V. Sogrin, Moscow, Nauka, 1980, 312 pages]

[Not translated by JPRS]

Businessmen's Associations in U.S. Politics

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 114-115

[Review by N. G. Zyabiyuk of the book "Predprinimatel'skiye assotsiatsii v politicheskoy zhizni SShA" by N. A. Sakharov, Moscow, Nauka, 1980, 175 pages]

[Not translated by JPRS]

God Loves America

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 p 115

[Review by I. Ye. Zadorozhnyuk of the book "Bog lyubit Ameriku" by M. Berezovskiy, translated from the Polish, Moscow, Politizdat, 1980, 256 pages]

[Not translated by JPRS]

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JEFFREY A. H. PEARSON--NEW CANADIAN AMBASSADOR

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 p 116

[Not translated by JPRS]

CSO: 1803/9

UNITED STATES FOREIGN TRADE REGULATION SYSTEM REORGANIZATION

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 117-120

[Article by P. M. Malakhin]

[Not translated by JPRS]

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THE SALT PROCESS: ITS WORLDWIDE SIGNIFICANCE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 81 pp 121-126

[Abridgement by Professor M. A. Mil'shteyn, scientific adviser of the International Commission on Disarmament and Security, of commission report on "The Worldwide Significance of the SALT Process"]

[Text] The document of the International Commission on Disarmament and Security (the Palme Commission), published in abridged form here, "The Worldwide Significance of the SALT Process," was adopted when the commission met in Vienna from 6 through 8 February 1981. The matter is examined from a somewhat extraordinary standpoint in this document: What would happen if the SALT process should stop. During the course of the discussion it was stressed that the document must be brought to the attention of the general public so that its ideas will be widely known.

The purpose of the document is to pose convincing arguments in favor of continuity and consistency in strategic arms limitation measures, in favor of the continuation and development of the SALT process. The document stresses that this process is of international significance and that its cessation would have an extremely negative effect on Soviet-American relations and on the entire international situation, would bring about a new, even more menacing round of the arms race and would seriously heighten the danger of nuclear war.

I must say that this statement in the document reaffirms the tremendous significance and the vital accuracy of the discussion of aspects of war and peace in the Accountability Report of the CPSU Central Committee to the 26th Party Congress. The arms race and the tension that exists in the world, the report states, pose a threat to all countries. "We are calling once again for restraint in the area of strategic armaments," L. I. Brezhnev said from the congress rostrum. "We cannot allow the people of the world to live under the threat of nuclear war. The limitation and reduction of strategic weapons is an exceptionally important matter. For our part, we are prepared to continue

these talks with the United States without delay, on the condition that all of the positive achievements in this area are not lost."

The document does not attempt to fix the blame for the difficulties encountered by the SALT process or to explain why the SALT II treaty has still not been ratified and has not gone into effect, but everyone knows that these difficulties have been caused by the United States, and not by the Soviet Union. This was naturally pointed out by Soviet and other speakers when the document was discussed at the Vienna meeting.

The International Commission on Disarmament and Security was founded in fall 1980 at the initiative of former Swedish Prime Minister O. Palme, chairman of the Swedish Social Democratic Labor Party, as an independent international research group. Its members are prominent public spokesmen, politicians and scholars from Europe, the United States, Canada, Asia, Africa and Latin America. The members include C. Vance, former U.S. secretary of state; E. Barr, federal secretary of the Social Democratic Party in the FRG; D. Owen, former foreign secretary of Great Britain; S. Salim, Tanzanian foreign minister; General O. Obasanjo, former head of the Nigerian Government; academician G. A. Arbatov; H. Mori, former Japanese foreign minister; J. Uyl, former prime minister of Holland, and others. The prime minister of Norway, Gro Brundtland, recently became a member of the commission. Two scientific advisers also attend commission meetings. The commission resolved to draw up a report with recommendations for the second special session of the UN General Assembly on disarmament.

A report by an American public spokesman, G. Hyatt, director of the Harvard University Medical School and one of the leaders of the American Physicians Initiative movement, also presented a report at the February session of the commission, on the effects of nuclear war on human life and health. Basing his discussion on abundant factual material, he proved that if a nuclear war should break out, medicine will be unable to combat its aftereffects, and this will heighten the catastrophic effect of this war on all mankind. The significance of the physicians initiative would be difficult to overestimate, particularly in light of the increased propaganda about "limited" nuclear war. In addition to these topics, the progress of the talks on the mutual reduction of armed forces and arms in Central Europe and the search for ways of ending their deadlock were discussed at the meeting.

On the whole, at its first working meeting, which took place in a businesslike and constructive atmosphere, the commission discussed key aspects of arms race limitation at the present time.

An abridgement of the abovementioned commission document is printed below.

The Entire World Is at Stake

The future of SALT is of worldwide significance, and not simply a question of Soviet-American relations. This is why it is the duty of all people to publicly express their views in regard to the vital importance of the quickest possible resumption of constructive SALT negotiations.

The members of the Independent Commission on Disarmament and Security acknowledge that the SALT accords and SALT process cannot in themselves resolve all political differences between the East and West. But they believe that although the SALT process has so far produced only modest returns, it would be a catastrophe if the process should be ended.

For more than 35 years mankind has been striving to confine the nuclear genie. In 1968 the American and Soviet governments agreed to commence serious bilateral talks for the purpose of taking practical steps to limit nuclear weapons and curb the arms race. If the SALT process should now be repudiated, this would lead to serious political consequences connected with truly great dangers.

The SALT process has become something more than a mere effort to limit the quantity and character of nuclear weapons; it has acquired political significance in excess of the importance of the potential effect of these talks on the arms race. The talks are a weathervane indicating the direction taken by U.S.-Soviet relations, the main symbol of their search for cooperation. The nature of political relations between these two great powers and, in the final analysis, the probability of nuclear war will depend on the results of these talks. The talks have also become a basic factor in diplomatic efforts to curtail the competition between the United States and the USSR in its more important and therefore more dangerous spheres. The cessation of the SALT process would endanger detente in Europe. The failure of the talks would also have a strong effect on the extremely complex quadrilateral relations in East Asia involving the United States, the USSR, China and Japan. What is more, the U.S.-Soviet talks on strategic weapons are the main element in the efforts to control the proliferation of nuclear arms. The dependence of the SALT process on the state of Soviet-American relations and its potential effect on them signify that the curtailment of this process would have a negative effect on the political nature of international relations and would heighten the risk of war.

Naturally, the actual consequences of the curtailment of the SALT process would depend on how and why the talks fail. It would be wise for the leaders of the largest countries in the world to foresee--at least in some cases--what military strategists call the "worst case"--that is, the extreme--before they make any decisions to dissolve the negotiation forum which took decades to establish.

The first section of this report examines the effects of the failure of the SALT process on American-Soviet relations. Subsequent sections examine the possible effects of this deterioration on political and economic relations in Europe, East Asia, the Middle East, Africa and Latin America.

American-Soviet Relations

The failure of the SALT process would have the most direct effect on U.S. and Soviet arms programs. If the SALT I and SALT II agreements should be abrogated, we can expect the two countries to immediately take steps for the quicker modernization of their nuclear forces by replacing existing systems with larger quantities of even more destructive weapons. The only possible result would be a higher risk of nuclear war and a consequent threat to all mankind.

The consequences could also be more serious. They would be particularly dangerous if the failure of SALT II and the cessation of talks would strengthen appeals for the revision of the 1972 treaty on the limitation of antimissile defense systems. In 1982, just as in every subsequent fifth year, the treaty envisages its joint examination by the two sides. Strong pressure is already being exerted for the purpose of its abrogation or considerable modification in connection with new technical improvements and the presumed capability of ABM systems to protect offensive missiles. The curtailment of the SALT process would actually guarantee the considerable modification of the treaty, if not its complete abrogation, and rapid steps by both countries to deploy massive systems for the defense of ballistic missiles and to accelerate the research and development connected with perfected weapons of this type.

The United States and the Soviet Union have acknowledged the unprecedented danger of nuclear war and, for many years, they have been striving to prevent the emergence of international situations with even the potential to pose a real threat of nuclear war.

The ABM treaty is still the key element in these efforts to reduce the risk of nuclear war. By agreeing not to deploy weapons which might create the illusion that protection against nuclear invasion would be possible, the two countries officially acknowledged the probability that each would suffer irreparable losses in the event of an exchange of nuclear strikes. In this way, they admitted the need for a certain amount of cooperation in their relations and tacitly agreed to limit their competition. This does not mean that they agreed to completely stop it or to get along with one another in all spheres. They did officially acknowledge, however, that it would be in their mutual interest to control this competition and avoid confrontations that might heighten the actual risk of nuclear war.

If the ABM treaty would be abrogated, this could bring about an unbridled race for offensive and defensive weapons and the consequences would be even more serious. Soviet-American cooperation would actually become impossible in all spheres. In the absence of SALT, any confrontation between the superpowers would be likely to escalate. Without the SALT process, without the limits set on the production of offensive weapons by the SALT I and SALT II agreements and without the minimum cooperation presupposed by the ABM treaty, each side would expect the worst from the other. The destabilizing potential and danger of this situation are self-evident. It would be impossible to measure the degree to which the very fact of the U.S.-Soviet dialogue on strategic issues helped to establish certain restrictions in the political relations between nuclear powers and thereby reduced the danger of nuclear war, but this positive effect of the SALT process is significant.

Although no one could predict future political developments, it appears that the United States and the USSR are now in decisive stages of the evolution of their interrelations. The political atmosphere that would be created by the cessation of the SALT process could have ominous consequences.

Europe

The deterioration of American-Soviet political relations, which would accompany the failure of the SALT process, would have an immediate effect on Europe, where political and economic relations between East and West have been marked by mutual cooperation for more than a decade now. On the whole, contacts between the two sides have become deeper and broader in Europe and still do not reflect the general deterioration of East-West relations.

But this relatively stable situation in Europe is not likely to survive a dramatic escalation of the political conflicts between the United States and USSR that would accompany the cessation of the SALT process. Above all, this would affect the talks that began last November on the limitation of the deployment of nuclear arms in a theater of military operations. These talks probably could not continue without a dialogue on strategic problems between the United States and the USSR. The future limitation of other types of nuclear weapons in Europe would also be threatened.

In the political atmosphere that would result from the failure of these talks, European governments would be pressured to increase their military spending, and this would undermine stability. This, in turn, would threaten existing agreements and mutually beneficial political, economic and personal relations established as a result of these practical agreements.

Although it would be impossible to predict the eventual results of these changes, some aspects are quite obvious: Efforts to control non-nuclear weapons, such as the Vienna talks on the reduction of armed forces, would end in failure; tension would be escalated as each side began to build up its military potential, increase its defense spending and take political steps to heighten military preparedness; finally, as is always the case when political relations deteriorate, there might be an increased danger of war in Europe. This danger was present in 1961, when the ground forces of the NATO and Warsaw Pact countries approached their common boundaries and Soviet and American tanks faced one another in Berlin. In the 20 years since that time people might have forgotten what it means to live in an atmosphere of a real possibility of war in Europe, but it has the most alarming effect on our daily life. It dictates political relations between East and West and within each alliance. It has an equally strong effect on the economy and influence on politics.

Therefore, the collapse of the SALT process would inevitably mean a return to cold war and the real danger of a conflict in Europe, which would almost certainly evolve into a world war.

East Asia

The nature of American-Soviet relations in East Asia is extremely complex. This is why it is much more difficult to predict the effects of the cessation of the SALT

process in this region. It is clear, however, that the deterioration of U.S.-Soviet relations would affect Japan directly. The worse these relations become, the more difficult it will be to settle major problems in Japanese-Soviet relations. The buildup of Japanese military potential under the conditions of the deterioration of the overall situation in the region would have a serious effect on the present favorable political relations and mutually beneficial economic ties between Japan and China and between Japan and other countries.

The failure of SALT could also have a serious effect on relations between the great powers and China. It could serve as a stronger stimulus for those who advocate far-reaching changes in U.S.-Chinese relations. The present restraint in the development of Western ties with China in several spheres would probably disappear in the political atmosphere created by the cessation of the strategic arms limitation process. If the present state of affairs should be undermined, this would heighten the risk of war and the consequences would be suffered by the people in all of East Asia, and not only in these four countries.

South Asia, the Middle East, Africa and Latin America

The cessation of the SALT process would also affect political relations in other parts of the world, although perhaps not as directly as in the industrially developed countries. It would be negative in the sense that it would increase the probability of nuclear proliferation and because the developing countries would be unable to escape the consequences of increased tension in U.S.-Soviet political relations.

The connection between SALT and nuclear proliferation is completely obvious; it was even recorded in the 1968 Treaty on the Non-Proliferation of Nuclear Weapons. One aspect of this treaty is the pledge by non-nuclear countries not to acquire weapons; the nuclear powers pledged to strive for progress in nuclear arms race control and in nuclear disarmament. The non-nuclear states have unequivocally announced, particularly at the conference held in Geneva in 1980 to analyze the impact of the Non-Proliferation Treaty, that they take these provisions in the treaty seriously, associating continued restraint in the nuclear sphere with progress in nuclear disarmament. These countries are already disturbed by the nuclear powers' failure to agree on a universal nuclear test ban and by the amount of time that has been invested in the conclusion of the SALT II treaty. The cessation of the SALT process could cause regression; this treaty could cease to have a restraining effect on nuclear weapon programs. In South Asia, for example, an open race for nuclear arms could begin between India and Pakistan; the Middle East could witness vigorous efforts to acquire nuclear potential by four or five countries possessing the required capabilities; in Africa and Latin America the countries striving to play the leading role in the region might be tempted to become nuclear powers. The consequences of this course of events with regard to political relations and the danger of war need no explanation.

In addition, we repeat that increased tension in U.S.-Soviet relations would engender the serious danger of confrontation and even military conflict between them each time they became involved in local conflicts in the Third World.

The intensification of the struggle between the East and West would also take more financial, natural and human resources out of the sphere of economic development and put them to work arming the developing countries. In the atmosphere that would result from the cessation of the SALT process, these countries would most likely not be able to withstand the pressure--external and internal--that would be exerted on them to force them to spend more on their armed forces. Regardless of the efforts made by Third World leaders, the decline of security as a result of the deterioration of political relations between East and West, the intensification of local conflicts and the increased probability of nuclear proliferation might engender a belief in the need for the continuous growth of armed forces in the developing countries and their quicker provision with modern weapons. But an even worse prospect could arise if more and more resources in the industrially developed countries, which should be used to eliminate poverty in the world and to modernize the economy of underdeveloped countries, should be used for the arms race. In quantitative terms and from the standpoint of lost time, the world would have to deal with the dismal prospect of further delays in efforts to lighten the economic burden of the world's people.

At a time of economic crisis, this diversion of resources would strike a double blow--at the developing world and at the industrially developed world, which also benefits from increased production and world trade.

All of this would inevitably put more pressure on the already fragile process of the North-South dialogue, with all of the consequences of the failure of this process in connection with the escalation of tension between countries and within them, tension compounded by the atmosphere of cold war. In short, the world could be caught in a dangerous cycle, in which tension between East and West would endanger peace, and the cessation of the North-South dialogue would compound the danger engendered by the slump of detente.

Conclusion

The primary purpose of the SALT process is to aid in preventing world war. Nuclear weapons pose an unprecedented danger to mankind. Civilization as we know it could be literally destroyed within seconds. We can criticize the SALT process; it is awkward and slow and its achievements have been modest. But this is an important means of combating the most horrifying danger threatening man's survival. If this process should stop, even the modest achievements in reducing the danger of nuclear war will be nullified. This would mean a return to the unproductive propaganda wars of the 1950's instead of serious discussion of the methods of real arms limitation. It would also nullify one of the most important initiatives taken for the purpose of reducing the danger of nuclear war.

On the political level, the cessation of the SALT process would mean the escalation of disputes, instability and the reduction of peaceful contacts and exchanges in virtually all parts of the world. It would mean that resources would continue to be diverted to maintain the armed forces of many countries, with all of the ensuing economic problems and negative political consequences. It could also mean the increased danger of war in Europe, the escalation of tension in East Asia and more confrontations in other parts of the world. And it would also mean the increased danger of nuclear proliferation in most parts of the world.

Naturally, the specific consequences of the cessation of the SALT process would depend on the attending circumstances. Nonetheless, we must consider the worst, most extreme possibility, just as we would in any assessment of international security and nuclear weapons. The failure of the SALT process and the cancellation of limitations would represent one of the worst (of the ones imaginable) possibilities as far as the future of the world is concerned.

For these reasons the commission believes it is quite important that the governments of the United States and Soviet Union keep their promise to resume the SALT negotiations. The commission hopes that the United States and USSR will take this promise and the worldwide significance of the SALT process into account, that they will take the first opportunity to continue their 12-year effort to come to an agreement on nuclear arms limitation and that they will both display maximum restraint at that time. This is in the interest of the entire world, and not just the United States and the Soviet Union.

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